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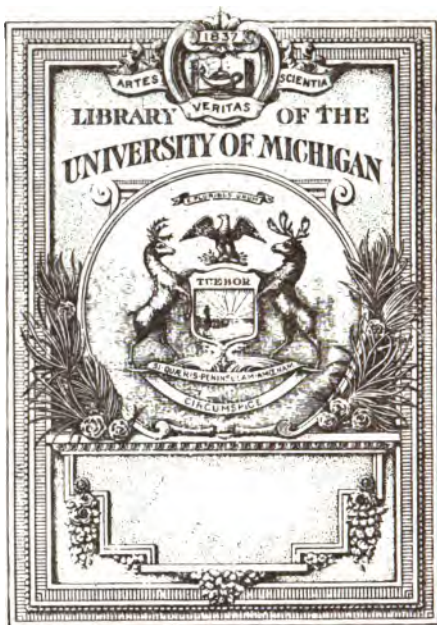
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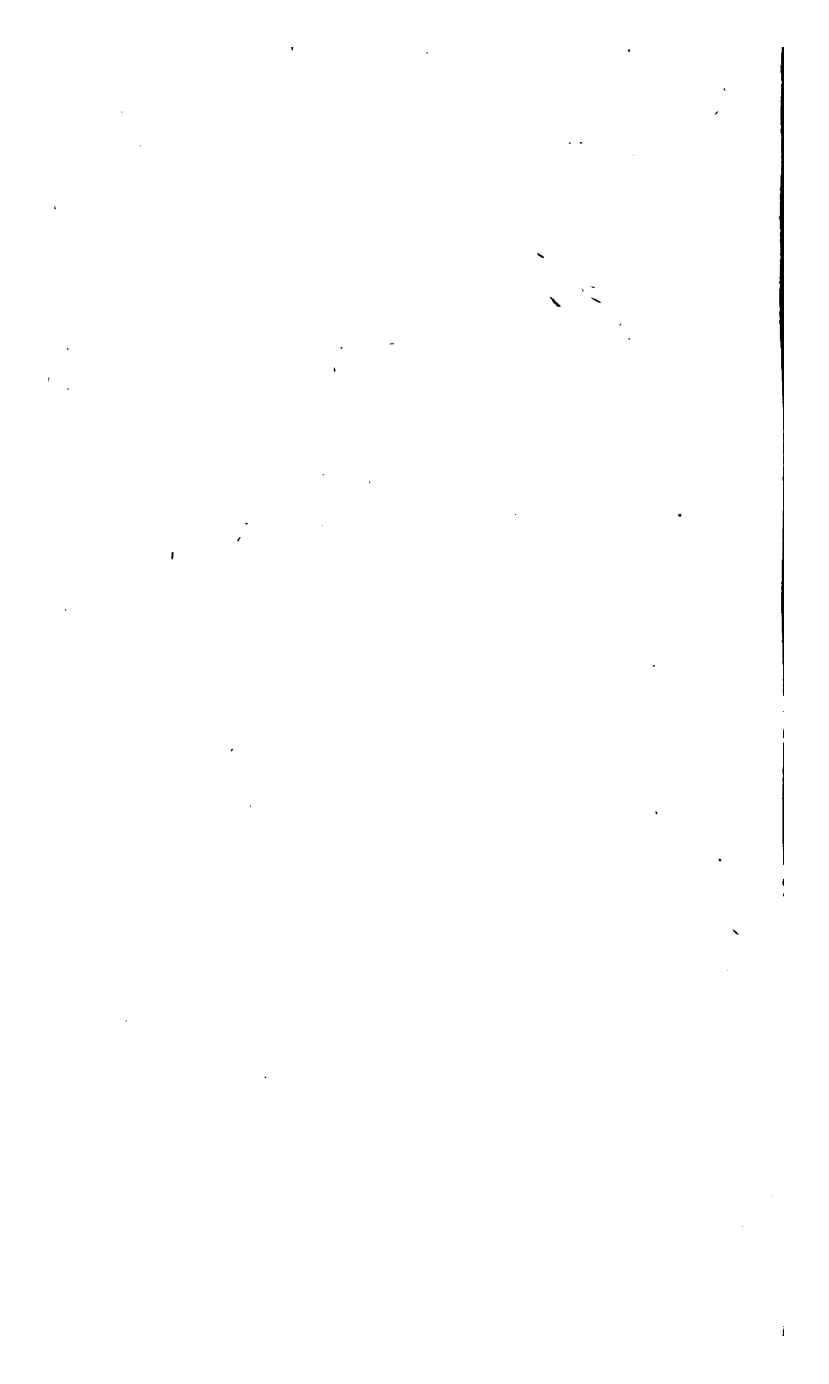
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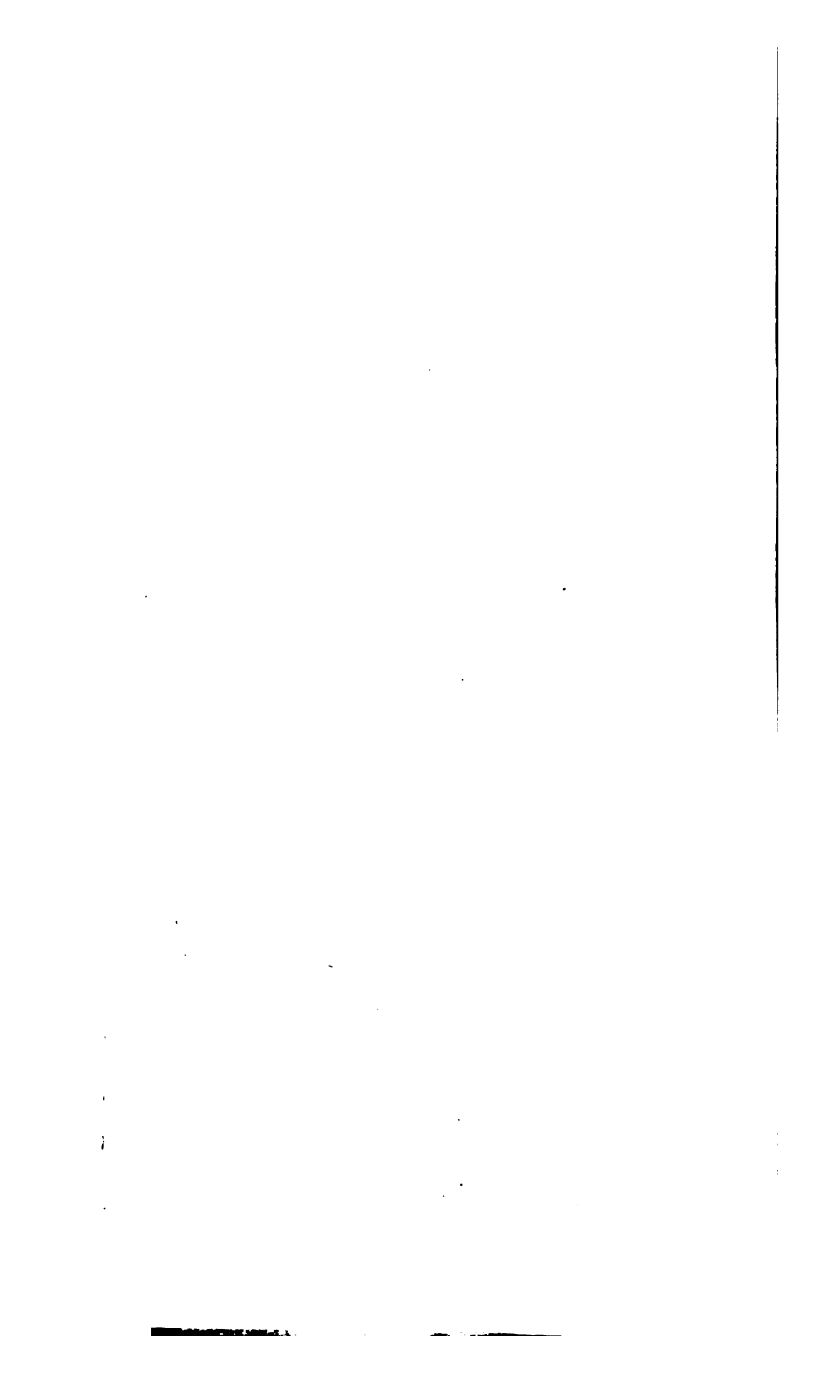
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BOOK I

BUSINESS MANAGEMENT

Whatever may be the reports of the commercial agencies, it is poor management which causes the greatest percentage of business failures. Ill-luck—the unexpected crop failure or earthquake—may now and then wipe out a business, but mismanagement steadily and surely adds its enormous quota to the failure list.

Poor business management comes from lack of knowledge of the “how” of managerial methods. The man who does not know how to manage his business—or who does not get some one who knows how, to do it for him—is only baiting failure. Good management comes from an intimate knowledge of a business, a knowledge of the principles of management and the ability and will to apply those principles.

Management is of two kinds, general and detail. A man may be a good general manager, and not know details. Another man may be an excellent detail manager, and still lack all knowledge necessary to general management. When a knowledge of general is combined with a knowledge of special management, then is seen a “captain of industry.” These business leaders have been, by far the greater part, men who have the broad grasp of the big principles, and an intimate knowledge of the trade details of their proposition.

An illustration of good general management would be that of a man who has the broad grasp to know whether it would be feasible to run a railway from New York City to the Pacific coast. Such a man might not be able to swing a spike maul or tamp a tie, and yet possess a knowledge of general railway conditions which would enable him to manage a vast railway enterprise. The foreman of a construction gang on the other hand, would be obliged to know in detail all facts

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affecting construction; in order to be a competent manager he should be able to do everything which is required of his subordinates. In those super-rare cases where a manager has both general and special knowledge, the two kinds round out each other, making both better.

The opportunities which exist in the management field are outranked by perhaps only one other. Marketing a product—the ability to sell—commands at times a higher price in business than managerial ability. But either business management or sales ability commands—alike in direct salary returns or in the more indirect returns through increase in trade and profits—the most money to be made in business.

FINANCING A BUSINESS PROPOSITION.

Money is the lifeblood of any business. An under-supply means under-development of the business; thinned down below a certain point, it means death. Whatever be the business, the first great factor to be reckoned with is financing the proposition; has it, or can it get money upon which to run?

The majority of businesses are underfinanced—not because they do not pay or because they afford a safe investment—but because the proprietor has not the time and sometimes has not the facility for financing his proposition.

There never was a time when financial backing was secured as easily as now. There never was such a vast amount of money available for legitimate financial purposes, as there is at the present time. How best to get it? is the question that every man in business is asking himself.

There are four ways—each having their various advantages—of getting money to finance a business. Each will be taken up in order.

The Cash Basis Plan.—The first method of financing a business proposition is simplicity itself. It is that of financing it on a cash basis with your own funds or funds permanently in your trust. The percentage of

business men who can do this is small indeed, perhaps less than one-tenth of one per cent. But it is a method which many men have tried at least once in their business life. Many men are trying it today, only to adopt other methods later.

When a man starts in business with the intention of financing himself either one of two conditions exist. He either has sufficient funds to meet all contingencies or he has not. That is plain. The business man with sufficient funds who is financing himself has his problem as well as the man who is "wild-catting." True, these problems are not disconcerting, but they are to be reckoned with.

What to do With Idle Funds.—First is the dead capital problem. Any business calls for more money at certain times than at others. A business on a cash basis, then, is bound to have funds lying idle at certain seasons of the year. Being variable in amount and subject to sudden calls, the investment of these funds so as to obtain other than a very small amount of interest is difficult—often impracticable. Some few banks allow a small rate on balances; more do not. Few non-speculative investments are available. So there is the problem of carrying a variable amount of dead capital. Usually it is best met by some arrangement with a bank or trust company to take care of the fund—even though the interest rate be small.

Credit Methods Have the Sanction of Use.—The next problem for the business which is financed from the inside is that it is shut out from participating in the many credit benefits which come to borrowers. The present system of credit has grown up because conditions demanded it and because it presents an array of advantages not to be lightly disregarded. The cash business is "out of tune" with the credit system and the businesses employing it.

But the advantages are many and—naturally—outweigh the disadvantages. The man who can buy for cash can pick his market. He is under no obligations to anyone. He can buy where and when he pleases.

Picking a jobber or supplier who has to have money, he can get quotations at prices far below the credit buyer. In fact many businesses are built up on this principle. They go into the market with cash—avowedly looking for “snaps.” They then throw these pickups on the market at prices which win favor and make a quick turn. This is the theory of the cash buyer.

Cash a Powerful Trade Lever.—Discounts offer an opportunity for the legitimate exercise of the power of cash. “Scalping”—where a man spends considerable time snap-looking—is considered somewhat illegitimate by the ordinary buyer. It savors too much of taking advantage of others’ misfortunes. Then the stocks so secured are liable to be poorly-assorted, shopworn, or not up to the grade in style or quality. In fact the cash buyer looking for snaps is looked upon as a demoralizer in more ways than one. This is not true, however, of the man who buys “straight” and takes his discount. The ability to pay cash affords of itself a fair profit on an investment. An instance: A fair trade discount is five per cent, 90 days. The cash buyer makes an initial profit on his buying equal to the difference between five per cent and the interest he could secure on a dollar for ninety days. This in itself is a fair profit. Where stocks are turned often this may make the difference between the eventual success and failure of the business.

The policy of making quick turns of capital is easier followed out where the business has the cash. There is a possibility of getting quicker delivery on cash purchases—the time between the order and the sale of goods can be cut down materially with a consequent increase in the quickness of the turn-over.

Some of these conditions apply to a business which borrows money to buy for cash, but in the main a business man who is a borrower, also extends credit.

The “Doubling Your Capital” Scheme.—In a great majority of cases a business man does not have sufficient funds to conduct his business were it to expand. This has given rise to a condition analogous to that of the man who tries to pull himself over a fence by

tugging at his boot-straps. Every day men are starting in business with only a small capital available, figuring that what money comes in will be immediately put back in the business and so the business be made to finance itself. This theory was made the subject of an excellent circular letter put out by Wells and Corbin, the advertising men of Philadelphia. This letter undertook to show that the road to fortune lay in the investment of a small amount in an advertising proposition; getting twice the amount invested in returns from the advertising; reinvesting that—and continuing the system until—after doubling, and reinvestments there would be available enough capital for even a large business to run on. The successful application of this scheme would call for more business acumen than is ordinarily possessed by the average man—but it has been done—and probably will be done again. But the man who builds up a business after this fashion often sees so many opportunities pass because of lack of capital that his growth seems slow—slower than it really is.

Making the Supplier Finance the Business.—The second broad head under which a business proposition may be financed is by the common means of getting a line of credit such that it is possible to stock up on medium or long time given by the supplier. At the one extreme of this method stands the consignment method by which the supplier makes the dealer his agent and furnishes him with a line for sale, remittances to be made only when sales are made and as the retail purchaser settles. This is really going into business “at the supplier’s expense.” At the other extreme is the conservative supplier requiring remittances on the first of the month or 30 days after the date of delivery. There is every graduation between these two. Perhaps the average term of credit is somewhere about 60 days. Some firms make a practice of timing remittances so as to get the benefit of a longer term of credit, often by means of practical payments.

Why Businesses Have a Certain Credit Rating.—Every business man, theoretically, is supposed to have

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a definite line of credit. But there is practically no marked uniformity in credit rating. Of two businesses apparently the same in every respect one may have from two to five times as good a financial rating as the other.

What factors have made this?

Three, most probably. The firm having the superior rating has (1) paid promptly, or in case it was impossible to do that, anticipated the delay and informed the supplier, offering partial payment and security for the remainder; (2) maintained a reputation for courtesy and progressiveness, and (3) co-operated with the credit agencies.

Methods of Getting a Good Credit Rating.—To get credit from the supplier a business should observe the cardinal rules listed above. To get an A1 rating on a supplier's book, every obligation should be met on time—not ten days or five days or one day after payment date, but exactly on the dot. It is surprising the satisfaction with which any supplying firm views prompt payments. It is the strongest argument for a larger credit line that can be advanced. When, owing to unavoidable causes it is impossible to meet a bill when due, make a thorough report; state why payment will be deferred, how long, what security can be given when it becomes overdue and ask for an extension. This is such a departure from the ordinary method—where an account is allowed to mature, and a few days after maturity the supplying firm is written that the account will be taken care of at the earliest possible moment or some other similar ambiguous promise is made that it assists materially in preserving credit. Make a definite promise and stick to it.

(2) It is indeed surprising how far business courtesy and a reputation for progressiveness go towards a good credit rating. A firm, the individuals of which are uniformly courteous to customers, traveling salesmen, correspondents, has in that courtesy a valuable business asset. But more than that the business man who sets himself apart from his fellow conservatives by originating and using business plans carried out

with originality and energy, gains the co-operation so necessary to credit.

The general methods of obtaining credit are very much the same as those used to obtain credit from an individual supplier. As a general thing, a business which can satisfy any firm with which it does business, can satisfy the general run of firms in the same or even in general lines. But there is, of course, a great deal of difference in supplying firms. Some are very rigid about extending credit. These firms are either the old established houses or they are younger firms who have to be very careful about the credit risks which they take. Between these two there is a large class of supplying firms which have only the ordinary credit restrictions about their business.

Where suppliers are constantly expanding and taking on more business, their credit requirements may not be constant. With the hiring of new help and change in the credit department or any changes which require capital, the old credit conditions may experience a corresponding change.

The ordinary house, however, bases its judgment upon the general credit ratings, the reports of its salesmen, and the general judgment of the credit man.

SELLING STOCK TO SECURE CAPITAL.

The third great division by which capital may be secured either wholly or in part, is by the sale of stock.

There is little or no difficulty surrounding the procuring of a charter. Nor does the capitalization of the company need to bear much relation to the amount of capital that it actually has. While state laws differ in this respect, yet in every state there is more or less chance for padding to be done. A corporation having a few thousand dollars, for instance, may incorporate for fifty, one hundred or five hundred thousand dollars, as it suits it best. So a corporation is easy to organize and to finance—on paper. There are many of these paper corporations in existence which are deliberately organized for large sums in order to

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be able to sell their stock at a substantial discount. These, however, are stock-selling propositions, not legitimate business propositions, and need not be considered here.

The General Advantages of Selling Stock.—There are several prominent advantages in financing a business by the sale of stock. The first is that it provides capital; the next, it gets interested stock-holders. Further than this, it provides for assistance in the consultation and management by providing a board of interested directors. Lastly, a corporation rightly organized the stock of which has been conservatively put upon the market, has a fair amount of commercial prestige.

Capital Provided by the Sale of Stock.—The first great advantage of selling stock is that it provides a working capital for a business. The money so obtained is not borrowed; it becomes the actual property of the corporation. Good will is an intangible asset at best, but when stock is sold it becomes a most tangible one. At times it is impossible to borrow a single cent on the good will and prospects of a business no matter how good they both may be. But when stock is offered covering such good will, the borrowing difficulty is done away with. All the general advantages which come from the having of capital come from the sale of stock. It gives ready money, and as such, is a powerful lever for increasing and maintaining business.

The Advantage of Having Interested Stockholders.—The interested stockholder is a man who "plugs for business." There is no man in a community who has the money to buy a small block of stock who is not able to swing some trade to a business, no matter how big that business is, or even if it be engaged in deals outside that stockholder's apparent interest. A satisfied stockholder is one of the best assets of a company.

There are numerous businesses which are built up to a great part on the business of the stockholders. One of the advantages of a National or State bank over an ordinary private bank, for instance, is that the various stockholders of the concern not only trans-

act their own business with the bank in which they own stock, but they form a center of interest about which are grouped customers. The same conditions hold in a mercantile business where the farmers throughout the country are holders of stock. These stockholders all feel that when they trade at "their" store they are getting a refund on their purchases in the way of dividends on their holdings.

Assistance in Consultation and Management.—There are times when even the most experienced business man is at a loss what move to take. Also it is difficult to interpret with surety if certain policies are for good or for evil. The man actually in the business has difficulty in getting a perspective on it. He is able to see it only through the glasses of his own self-interest. Stockholders not only give an opportunity for securing a board of directors which will assist in the consultation and management, but often the advice of a small stockholder will be pertinent and exactly to the point. Advice of this kind is usually not only freely given, but it is gladly given. Any man is pleased to be called into a consultation, particularly on a business of which he has not made a close study. He is flattered by being judged broad enough to determine some policy that is outside of his immediate line.

In the immediate management of a business, the stockholders may be drawn upon for the knowledge which they professionally possess. For instance, the attorney for an incorporated business will in all probability be one of its stockholders. Many times the main supplier will be interested because of his holdings. This brings a number of varied views to bear on the puzzling propositions which are constantly coming up in business.

Commercial Prestige.—A corporation rightly organized gives a fair share of commercial prestige. By right organization is meant that the backers of the corporation are men noted for business sagacity. They must be men who either have a reputation for large and profitable financial deals, or men who have the reputation for business shrewdness when rightly backed. Money and brains should be rightly mixed in the ideal

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business corporation. Money alone is liable to lie stagnant, particularly when the men who furnish the money are not able to devote their time to the business in which the money is invested.

Brains alone are useless without the proper financial backing. A good rule is that which says, "With money for backing and brains for judgment, any legitimate business can make a success."

When a business is considering whether or not to raise money by the sale of stock, the advantages alone should not be considered. There are a larger number of disadvantages in this matter of procedure, but all of these disadvantages are small. Indeed, under good business management they may be so small as to be entirely a negligible quantity. These disadvantages will be taken up one by one below.

Cost of Selling Stock.—When any stock proposition is placed upon the market, it costs a considerable commission to sell it. But besides this cost, there is always the risk—the moral obligation—which the promoters assume to the stock-buyers at home. Should the corporation ever fail, it means that the promoters lose—not only their own funds, but they are morally obligated to replace those which have been intrusted to them. Examples of this kind are numerous. For instance, in the past ten years, hundreds or perhaps thousands of corporations were organized for the development of the oil wells in Texas. Many of the promoters were so enthusiastic about the oil proposition that they not only invested their own money, but used every possible inducement to get their friends and relatives in on the "good thing." When the slump occurred, these men were morally indebted to those whom they had induced to invest.

Where stock is sold by one of the promoters, a certain percentage of the proceeds must go to the man who does the promotion work. He may be paid either in stock or in cash. Seldom a business is financed in which the cost of promotion does not range from five to twenty-five per cent. This means that a concession of just that percentage is made in order to obtain the

funds. It is a question if at times it would not be possible to secure credit from a bank or other financial agents at less exorbitant terms than that charged by the promoter. When of every dollar taken in, twenty-five per cent must go to the stock salesman, it means that considerable sacrifice is being made in order to realize money. If in addition to that, stock is put on the market having a fair backing in valuation, it may mean that \$100 worth of property is being sold for \$75. This of itself is a poor business move.

Determination of Value—a Difficult Point.—The determination of the price at which to sell a stock—that is the amount of value that lies back of the stock, is a difficult matter to determine. A great deal of the value of a stock is liable to be intangible. Take the case of a department store which has worked up a good business and has, say inventory of \$50,000 on its shelves. The trade prospects alone may be worth another \$50,000. At this point, the problem of the size of the corporation—the amount of stock that is to be issued—is an important one. Shall it be \$50,000, the value of the stock? Obviously not. Shall it be \$100,000, the value of the stock, plus the good will and trade prospects? Shall it be \$150,000, capital enough to swing the proposition and make it much bigger? The first question is easily answered, the second not so easily. And yet it is to be remembered that the success of the corporation depends upon the stock being sold at its full value. And so the question is one of great importance. Whatever the value of the stock may be, it will be difficult to sell it at its full value. This is for the well-known trade reason that the man who brings money to invest in a stock demands some premium for his "risk." His money is sure to bring a small income at least—the three per cent of the savings banks. If he is a shrewd investor and dabbles in real estate or has intrusted a friend who does this—his income may yield him seven, or ten, or fifteen per cent without what he calls risk. But when he exchanges his money for stock, he has the feeling that there should be either a chance for a big return or that the returns if smaller, should be positively sure.

Combatting this feeling, makes it difficult to sell a stock at its full value.

Price of Stock—the Barometer for the Business.—Stock once sold is closely watched by the investor. In case of a falling off in business he is pretty sure to know of it. That means that what would ordinarily be a business secret is common property of a large number. Investors are prone to collect their dividends every year and are not willing to sacrifice one year's dividends in order to bring up a business and obtain a better rate for coming years. The owner of a business is willing to make any reasonable sacrifice of this kind and as a consequence, when he has to deal with investors who want dividends, he finds that he is up against a very different proposition. The indication of prosperity or adversity shown by a dividend or the paying of a dividend may have a favorable or unfavorable effect on the entire organization.

Stock Liable to Depreciate.—When stock is sold the buyers are liable to be enthusiastic about its possibilities—for a time. A few are able to hold their enthusiasm long after the transfer. This means that the depreciation to the general management of the business is liable to occur, and it becomes someone's duty to keep the stockholders in condition. They must not be allowed to become too dissatisfied or the stock will depreciate. Then, too, a man who has been sold one block of stock often is anxious to sell again at a profit to invest that money in some other proposition. A few of these sales tend to depreciate stock considerably below par.

Restrictions of Credit.—When the stock of a corporation is placed upon the market, the investors generally belong to one circle. The investors are liable to be made up of one or two of the clubs or cliques which are so numerous in a city or town. This means that they all draw their finances pretty well from one source. When a new corporation is organized, many of them are eventually compelled to borrow, particularly if their purchases of stock are large. The money that is borrowed for stock investments will probably come from one or two banks. This will mean that these banks

will cut down the line of credit for the organizing company just about that much. If "A" borrows a thousand dollars which he invests in stock, it is probable that the organizing company getting the benefit of that money directly will find it difficult to borrow from the bank from which this money was obtained. In other words, the organized company will find that its credit has not increased in proportion to the increase in capitalization. The club of investors which it represents will be obliged to withdraw their deposits from their bank and they will be obliged to become borrowers. This will be charged up to the organizing company. The corporation—to a certain extent—becomes a competitor of the bank when it sells stock.

MANAGEMENT OF THE VARIOUS DEPARTMENTS OF A BUSINESS.

Business management is getting more and more to be a management of the organized business. When a business has run for some time it is liable to be an unplanned affair. It has no definite organization, as it has grown by a series of additions. Perhaps as good a comparison as can be made between an organized and an unorganized business is to compare a building which has been built by a series of additions with one which has been definitely planned from the start. The ordinary business, not being planned at the start for growth, has its additions crowded on to it. The organized business, being planned for growth, takes care of the various departments which are necessary to it, in a systematic manner.

Any business—no matter of what kind—should be divided into the two broad divisions, the incoming division and the out-going division. The incoming division receives everything and takes care of everything which has to do with receipt. The outgoing division has as its function the supervision and handling of out-go.

There are two methods of obtaining the material which is to make up the product handled in the in-

coming department. The most common method is that of making the product which is to be sold. A more common term where the product is made in large quantities is that of manufacturing. This term of course is not restricted to manufacture in lots, but is now used to include engineering operations as well. The traditional method of getting a product was to make it in such quantities as would offer a good sale. Later the custom became common of purchasing a product from those who had made it; so getting a stock by means of buying. Sometimes these two methods are combined and a firm will both manufacture a line and purchase a part of it. So the function of the incoming department is that of acquiring a product to be sold.

The outgoing department, now designated the sales department, is that department which concerns itself entirely with sales.

Some authorities give a third and a fourth department, which they do not separate. The bookkeeping or accounting department takes charge of all records. Everything that is done that necessitates a record, is taken care of by the accounting division.

The department of supervision, or the management of a business cannot be localized. Like the accounting department it spreads over all the other departments and is general rather than local. The best way to think of these divisions is to separate a business into the incoming division in which all the production flows toward the business and the outgoing division in which the flow of production is away. Then both of these departments requiring supervision and accounting bring into being two divisions which spread over both the incoming and outgoing departments.

THE DEPARTMENTS IN DETAIL.

Manufacturing and Purchasing.—When a business depends upon purchasing to secure its stock—that is when it is a jobbing business, either absolute or in a modified form—comparatively little supervision is necessary. Management then vests in the Buying Department. It is here that the success or non-success of

the business is bound to show. On the ability of the buyer depends the entire success of the institution. Now, because the Buying Department is small; because it has not many employees, it demands a kind of supervision that is not needed in the factory. The broad rules which the buyer is to observe will be marked out by the Business Manager. To him is then left the detail work of the taking on a satisfactory stock at a right price. If the stock is wrongly assorted, or if the price at which it is bought, is too high, the business loses money. As a general thing the Business manager will confine himself more particularly to determining what lines and what quantities are to be bought; the Buyer then devotes his energy to the price and to the problem of handling the salesman. He makes a study of qualities and lists—keeps a graphic chart of prices for a number of years, with which to compare present prices—and in every possible way, works for efficiency in his purchasing methods.

Buying Methods Not Spectacular.—The reason why the Buying Department of a business is often underrated is because buying methods have nothing of the spectacular. In manufacturing, an extensive plant must be maintained. The detail connected with the making of a product from the time of purchase to the time when it is stored for sale is not only intensely interesting, but calls for a large force of employees. To manufacture even a small amount of goods may require an enormous outlay for a plant or factory. To buy the same amount for jobbing purposes requires practically no outlay for an organization. It utilizes capital and a knowledge of the buying and selling market, that is all.

The Buying Department of a Factory.—The purchasing for a factory may be done by any one of the various employees. Usually the manager, the assistant manager, or if the factory is a large one, a purchasing agent handles the buying. In some cases the work is split up into divisions. A foreman may requisition material, subject to the O. K. of a department head. He may even order certain material on his own responsibility, merely forwarding a purchase notification to

another department. Usually heavy buying—that requiring an expenditure above a certain sum—is done in the head office. By the use of systems a demand for the material is automatically shown by inventory and stock records.

No General Rule to Be Laid Down for Purchasing.—Sometimes it is best to localize the buying in one person; sometimes it is better to distribute it among a number. Which of various plans is preferable is usually determined by trying different methods and using the one best adapted to the particular business.

The Storage Department.—The Storage Department of a business concerns itself with (1) The storage of the raw material. (2) The storage of finished product. Material once purchased must be immediately available for manufacture. It must be so stored that the quality and quantity—particularly the latter, are immediately determinable.

There are two general methods of storing. In the first the product is kept in one store room in charge of a stockkeeper, who is responsible for the entire amount on storage. He signs receipts for incoming material and gives out material only on requisition from some one authorized to call for it. He keeps track—by means of perpetual inventories—of the amount of stock on hand and when any of it reaches the minimum amount he notifies the buyer.

The second method of keeping track of stock is that in which the stockkeeping department is not localized. There may be from two to a dozen or more stockrooms. The kind of material to be manufactured may be such that it is impossible to keep it in one room, under one stockkeeper's charge. For instance, in a manufacturing business, using large quantities of iron and also many small parts, the heavy material might be piled in a yard, while the lighter material—being subject to depreciation, would be kept carefully in a suitable stock room.

The management and supervision of the two kinds of storage conditions differ considerably. In the first—where there is one storage room—the stockkeeper is an important employee. Upon his accuracy and judgment

may depend considerably the success of the business. Where the buying authority, however, is vested in one man and the Storage Departments are distributed about the plant in charge of different stockkeepers, the Storage Department is really an adjunct to the Buying Department. As such it is not so important.

The Storage of Raw Material.—The main requisite in the storage of raw material is that it be easily found and available for use without loss of time and money in moving it. For instance, a manufacturing plant would unload its cars as near as possible at the point to which manufacturing begins. The store rooms would be situated at the beginning point of manufacture. Those raw supplies that were necessary only at the certain stages of the later parts of manufacture would rightly be stored at the most adjacent points. The idea is to avoid all handling of material that is not absolutely necessary to manufacture. In the larger type of factories the flow of manufacture is direct from the point of supply to the point of finishing. If there be more than one point of supply, the material is placed as nearly as possible where it will be needed as the product is made up.

The Finished Product.—Finished product is of two kinds—the finished components which enter into the manufacture of a product and the product when it is laid down ready for sale. For instance, in the manufacture of a typewriter or cash register, there would be a large number of component parts, which are uniform throughout the various machines. These components could be made up ahead of the time of use. They would then be stored in charge of the stockkeeper and requisited from time to time as needed. These parts, considered as parts, are the finished product as they need no processing in order to be used. Food management provides for not only the manufacture of these parts, but the storing and keeping track of them so that they may be available for use whenever needed.

The true meaning of Finished Product is "the goods, article or commodity which is manufactured, when that product is laid down ready for sale." With the exception of supplies necessarily to be "aged," the product is

not stored, but is boxed immediately and put out by the Shipping Department. Particularly in good times, when all manufacturing establishments are behind on their orders, this condition is found. As a consequence, the storage of finished product is not a large part of the work of the stockkeeper. In fact, a product once finished goes to the Shipping Department, for boxing, cartage and shipping.

There are certain lines in which a sale of component parts is often made a feature of the business. For instance, in the manufacture of agricultural implements, there is a large sale on the repair parts. These parts would be simply the components of the various machines. Usually a separate sales department would be maintained for these "supplies" as they are called. In the manufacture of electrical machinery it is possible that these components would not be stored separately, but would be requisited directly from stock.

THE PROCESSING DEPARTMENT.

The managing of the Processing Department of a business is one of the largest problems of the industrial world. The different manufacturing processes which make up the work of this department, even in the making of an ordinary product demand the highest managerial powers. Processing begins with the buying of the raw material, the second step being the various operations which change it from the raw material to finished product. When the product is laid down in the shipping room for sale, the work of the Processing Department is finished.

The theory of the Processing Department is that all work shall be done upon orders. This is indeed the key to new manufacturing methods. No work will be done or material will be used unless there has been an order given for it. By distribution of the authority to order, the problem of the management of the Processing Department is supervised. For instance, the authority of the General Manager will extend over the various departments below him. Each employee beneath the rank of General Manager will be given so much authority as is called for by the needs of the business.

The foreman of the various departments having received an order from the management, will use their judgment up to a certain point, as to the department in which that material is to be worked up, the kind and amount of material that is to be used, and the number of employees who are to be engaged upon it. This routing of work therefore, is under the immediate supervision of the foreman and heads of the various departments and under the general supervision of higher authority. Such, in outline are the methods in use by all well organized Processing Departments.

THE INSPECTION DEPARTMENT.

One of the sub-departments of the Processing Division is that of Inspection. It is recognized as exceedingly poor business method to allow a defective product to go any farther in the processing of product than is possible. Particularly damaging is the effect where a defective article is allowed to reach the consumer. This not only hurts trade, but the expense is much greater when defective pieces are not noted at the time when they can be remade at little expense. The best methods provides for automatic inspection, either by one employee checking the work for another, or by means of searching tests. Where employees do checking, it is customary to have either a skilled inspector who judges the work or to have one employee check the work of another, this latter to be rechecked by a general inspector. Penalties are provided, which will, by their enforcement, automatically cause all possible care to be taken in the work.

HIRING HELP.

The kind of employees that are wanted are those which combine the ability to turn out a large quantity of good work, and at the same time have enough of the old-fashioned virtue of perseverance to do it. Perhaps there never was a time or never will be a time when there was or will be such a scarcity of labor of the right kind.

In the strife for getting good employees, no employer can afford to use only one means of obtaining

them. All possible means must be used in order to obtain a force sufficient to keep the wheels of the business turning.

There are two general methods of maintaining a force up to the required number and standard. Some businesses prefer to train their employees themselves, keeping in touch with a large number of prospects all the while, and aiming to take their employees as early in their business career as possible. The advantages of this method are in the main that such employees are well versed in house methods. If care is taken to obtain employees that are liable to stick, such a course will maintain a permanent force, and a permanent force is the aim of every business.

The single disadvantage of this method is that such employees obtain the inside viewpoint to too great an extent. They know what their own firm is doing, but they cannot get the proper prospective on what other firms are doing.

Advantages of the Trained Employees.—To offset this objection, many firms, particularly those that are unable to train their help fast enough, are firm believers in the method by which employees as fast as they are needed, are hired from other companies in the same line of business. The general advantage of this method of hiring help is that in this way there is a constant influx of new blood and new ideas. Often a new employee who has spent his business life in other institutions of the same class, and who at the same time has been a close observer, will bring enough ideas with him to pay for the expense of hunting him out and securing him. Then, too, the firm that sets out to train a man must invest considerable money in that training. Take in a business where the probationary period will extend over a year or so, the investment expense is all the more insidious because it does not appear on the cost sheet. Mistakes are made by the untrained employees as a usual thing—not by those who are trained thoroughly.

It is this motive to a great extent that makes a great number of firms tend towards hiring employees wherever they can get them. Nor does this custom tend to

develop undue competition other than for perhaps first class technical men. The ordinary employee not only does more satisfactory work, but is liable to be much more loyal to the company he is with when he knows that there is a good general demand for his services. Nothing leads to routine work—and consequently work of a low productive capacity—like the thought that a worker is in a line where there is little or no chance for competition for his services.

Hiring by the Heads of Departments.—Perhaps the most satisfactory means of hiring help is that in which the head of each department is closely enough in touch with the labor market to be able to keep his department up to the required quota. There is a great difference in different lines as regards this. For instance, a foreman in a metal-working line would not be considered a competent man unless he was pretty closely in touch with a dozen employees whom he could reach, as well as with every one that he employs. A printer in a town of ten or twenty thousand knows every person that is available in his city for his purposes, not only knows the chances for obtaining him, but whether he is satisfied with his present position and a vast amount of other collective data that he learns from careful and systematic investigation.

On the other hand, a chief correspondent who is obliged at certain seasons of the year to maintain a large force, might know outside of his own force, only a few stenographers who were available for his work.

Then, too, sometimes the organization of the house is antagonistic to such a policy. Help may either be hired from the top or from the department heads.

Where Help Is Hired From Overhead.—Some businesses are so organized and the control is in such a shape, that the entire hiring of the force from a general superintendent to office boys vests in and is a prerogative of the head office. But as a general thing the problem of hiring help is such a large one that the assistance of the various department heads is recommended in maintaining a force. That this condition is one which creates a tendency toward keeping the efficiency point high, is not to be doubted. For if a depart-

ment head is made responsible for efficiency, he must be allowed to choose the workmen who are to assist him in maintaining a high efficiency record. When help is hired over his head, it gives him an excuse which if he does not quote to those above him he can quote to himself for self-justification. This excuse shapes up as follows: "If I could only hire my workers, I could maintain a more efficient force. As it is, I am obliged to take what the head office sends me."

This method presents the paradox of increasing the efficiency of the department head by giving him more work. Subjected to certain restrictions, of course, if the head of a department is instructed to do his own hiring, he will feel a greater responsibility and a closer touch with the business, which will tend to increase his efficiency as well.

Care Needed in the Selection of Department Heads.—This makes the necessity of a selection of department heads one of great importance. Where help is hired from the main office, it means that a man who is skilled in help-hiring and who knows all phases of the labor market—in other words is a specialist—has charge of help-getting. This man is pretty sure to do good work. A department head gets about him pretty much the same class of people that he himself is—they are liable to have pretty much the same characteristics as the man who hires them. This means that a great deal of scrutiny must be placed on a man before he is put in charge of a department. True, it is sometimes the case that those who are very efficient in maintaining and enforcing discipline and making a work record for a force, are not able to secure that force themselves. They may lack the practical experience in hiring people or they may not have the "knack" necessary to hire.

Advantages of an "Employment Department."—Perhaps the best method is that which is found in a great many institutions hiring many workers. An employment department is maintained which requires of a prospective employee certain general and special qualifications before they are turned over to department heads for a final work contract. When a foreman or department head wishes an employee, he makes a requisition upon

the employment department asking for a man of certain qualifications. If he has anyone in mind, he can submit an application at the time he makes the requisition. This application will pass through the regular routine and, all other things being satisfactory, the one recommended by the department head will be passed by the employment department and eventually become an employee.

This method combines the advantages of both the methods outlined before, and has practically none of their disadvantages. It is one which is practical at each point.

GETTING EMPLOYEES BY ADVERTISING.

A most satisfactory method of getting employees, and keeping in touch with the labor market as well, is that of advertising. The ordinary method, and one that possesses the virtues of being economical and reasonably sure, is that of using the want advertisements in the leading city dailies. The common method of doing this style of advertising is that of using the ordinary blind advertisement. The blind advertisement has two disadvantages which, however, are seldom considered by the advertiser.

Disadvantages of the Blind Advertisement.—The first disadvantage of blind advertising is that a great many times competent employees who are employed at the time that the advertisement is run, are liable to be somewhat scared about answering a blind advertisement. For instance, take the example of a technical man who is already employed with fair prospects of promotion, but who wishes for some satisfactory reason known only to himself to make a change. If he is progressive, he keeps in touch with the advertising columns of the leading dailies, scanning them carelessly, or even going over them systematically each week. When he sees an advertisement which looks as though it might be worth answering, he is often held back from making the reply from the fact that he might possibly be writing to his own company. An instance of this came up a short

time ago which illustrates this point perfectly. A translator, writing specifications and making records of foreign packets, became dissatisfied with his position and gave notice to the firm that he was with, that he had decided to make a change within the next thirty days. He was receiving a salary of \$125 per month. When the firm for which he was employed ran an advertisement stating the kind of man they wanted and requesting the applicant to state the lowest salary which he would accept, the advertisement appealed to him so strongly that inasmuch as there seemed to be such a good chance for rapid promotion, he stated that he would start in at \$85 per month. He did not recognize the position that he occupied as it was described by the firm, and had applied for his own job, agreeing to do the work for \$35 less per month than he formerly had received. Once an employe has had an experience of this kind, he is very careful about answering blind advertisements.

Confidential Information Necessary.—Then too, such advertisements usually require a great deal of confidential information. Such information the ordinary employe is very loath to send without knowing to whom he is making an application. He therefore has but two options; he can state his qualifications in a general way and give an assumed name, or some telephone number to be called up, or he can make a request for an interview, also generalizing somewhat on his experience and trusting that he may be informed who the advertiser is. These plans have the disadvantage when the prospective employe must deal in such general statements, that there is little chance of his prospective employer selecting him for an interview.

The minor disadvantages of running a signed advertisement are many in number—so many, in fact, that few firms take advantage of this method except where they need a lot of employes. Where a department store, a telephone company, or a large wholesale house needs a large number of department clerks, correspondents, salesmen or similar help, it is possible to put in an advertisement signed with the firm name. But where there is need for a few employes or for one or two technical men, it is liable to interfere with the efficiency

of the force if it becomes known that the firm is advertising for help. Speculation becomes rife in the force as to "who is going to be fired," and evidences of dissatisfaction may be brought up in an otherwise contented force of employees. This may be counteracted to some extent by a general notice to the present force or by a special notice to those in lines affected by the call, that such and such employees are needed by the company to do additional work that is soon to arise. But this method is not always satisfactory, as it is not always good business policy to make those affected by the advertisement confidants in matters of this nature.

A Requisite of All "Help Wanted" Advertisements.—But whether the advertisement be blind or signed, there is one requisite for framing it up that is always to be scrupulously observed. George P. Rowell perhaps was the originator of this method and the first to speak highly of its many advantages. When an employe is needed, the disadvantages of the position to be filled should be somewhat over-emphasized. The advertisement should state that the work is somewhat harder and more difficult, the hours somewhat longer, and the requirements somewhat more stringent than really exist. This serves two purposes. In the first place, it weeds out all idlers, and second, in case the employe makes complaint as to the duties of the position being arduous or over-difficult, the employer has but to turn to the advertisement which the employe answered to show him that "it is so nominated in the bond."

A Good Employe May Not Be a Good Letter-Writer.—From the standpoint of the employer, there is one disadvantage of getting help by means of help wanted advertisements. This objection is one that particularly holds in those lines where the employe desired is not used to correspondence. For instance, there are a great number of salesmen who are excellent men on the road, who possess every qualification for personal salesmanship, yet who, when they sit down to write a letter, are unable to do themselves justice. In fact, some good employes, judged from a critical standpoint, write a letter which is positively illiterate, yet they may have so many other business virtues to offset this one defect,

that an excellent man may be overlooked simply because he does not write a letter which appeals. On the other hand, and at the other extreme, are men who are able to write a splendid letter in answer to a help wanted advertisement, and who can secure an interview and get a job simply because they are somewhat expert in that line, and yet who have practically no other qualifications for business. Some men even may almost be said to be professional letter-writers. They are always on the lookout for a change—will put a great deal of time on the proper construction of a letter, and write such a unique communication that they are almost sure of getting a reply. Then too, some men keep in touch with a professional letter-writer who handles their correspondence in matters of this kind and the employer is much disappointed when he puts a man on the pay roll and finds that he is nowhere near as good as his letter of application would lead one to think.

Advantages of the "Help Wanted" Advertisement.—But these conditions considered as negative quantities—as they may be, as affecting only one or two per cent, perhaps, of the average number of applicants—leave a big list of advantages in favor of the help wanted advertisement. A large number of men occupying important and influential positions have, in fact, secured such positions by this medium and as a result are strongly prejudiced in favor of it. It is reasonably quick, and it is reasonably sure; for more employes are paying attention to the advertising columns of the daily papers from day to day.

The strong advantage in favor of the use of the small advertisement is its low cost. A great deal may be told in the five-line advertisement, and five lines cost only \$1.25 per medium. It is best as a general thing to use perhaps three of the leading morning papers and one or two good evening papers. As a general statement, it may be said that the class of replies which are returned from insertions in morning papers, are of somewhat higher quality than those in the evening papers. The morning papers, therefore, can be used to better advantage for high-grade help, managers, correspondents, stenographers, and the like, and the evening papers for

mechanics, street car men, telephone help, laborers and similar employes.

Classified Advertising Excellent.—A new kind of advertising that has lately come into prominence, is the classified column advertisements which are now run by the leading magazines. This advertising has been appreciated but little by the average employer of labor. The reason for this probably is that so little systematic campaigning has been done by the classified advertising man to solicit this kind of advertising. There is also another reason, which is this: Usually when an employe is wanted, he is wanted at once, and the monthly magazine is considered as being too slow in its result-getting. This is not true. When help is wanted, it is generally known at least twenty or thirty days in advance and the breadth of the field that the classified monthly advertisement covers, compared with the restricted field covered by the daily paper, makes advantage strong in the favor of the monthly magazine as a means of getting employes. Then too, an employe who is in the market, if a reader of a high grade magazine, is very liable to be a superior man and one with whom it is profitable to get in touch. While advertising of this class forms but a small part of the classified advertisements in the monthly, yet the returns are simply wonderful when it is used.

Advertisements in the special columns of a newspaper or magazine usually are not as good pullers in securing help as are those in the classified columns. The reason for this is that the prospective employe is not in the habit of looking in the other columns for that class of advertising—the advertisement is not so liable to be seen, in other words.

HIRING HELP THROUGH THE EMPLOYMENT AGENCY.

Perhaps no subject brings out more conflicting views than that of hiring help through the means of the employment agency. At one extreme stands the man who

says that he has absolutely no use for any man who does not know enough of business in these times to market his own brains without going to an employment agency for help. At the other extreme stands the employer who says, "Do I get my help through an employment agency? Indeed I do. The employment agency? when honestly conducted—and I would deal with no other—is simply a specialized business for securing exactly the kind of help that a man wants." Between these two extreme views lie every possible grade of varying opinions. Between the employer who has no use for employment agencies and one who uses them entirely, probably exists a workable mean.

Advantage of Employment Agencies.—The main advantage of the employment agency is probably that the employer who wishes help immediately or thinks he may soon be in the market, is able to consult the lists which are on file in the office of the employment company. In going through fifty or a hundred applications made out by men who are in the market for a change, an employer is able to get in close touch with the labor market—information which he can secure in practically no other way. He is able to see the class of men that are open to employment and now and then will run upon a "find" in the most liberal interpretation of the word. He can adjust his own ideas to fit conditions as they actually exist. He is not liable to become too critical or too theoretical in his requirements for help. A great deal of the classification work that he would have to do himself has already been done for him by the agency, and he wastes neither time nor money in getting in touch with the class of people who are not fitted to do his work. He is often able to anticipate a future stringency in the labor market by knowing how the applications compare with those of previous years. He is also able to take advantage of an over-plus of labor from a certain line and is often able to cut down a pay roll expense by getting in touch with men who have exactly the set of qualifications that he needs in his business. In fact, the labor employer is rare indeed who cannot learn by keeping in close touch with the applications in a well-conducted employment agency.

The second great advantage of the employment agency methods is the absolute accuracy which surrounds the work. Many times, if a certain deal under consideration goes through, it will be necessary to immediately place upon the force a large number of employes. When these employes are got in touch with tentatively by means of an employment agency, there is practically no chance of the news becoming public. In case the deal does not go through or business does not hold up to the required point, there has been no investment other than the expenditure of a very little time in getting in tentative touch with the prospective employe.

As an organized institution, the employment agency has means of getting in touch with a very large number of prospective employes—larger than has even the most well-known business. A good agency travels over the entire field of the United States and Canada, and in the matter of technical men particularly, has means of getting in touch that would be impractical even for a company maintaining a well-organized employment department. This point in itself is worthy of consideration by the employer.

A Man Can Market His Own Services.—The second objection to employment agency methods is found in the tendency of a great many high class employes to take the employment agency only as a last resort in securing a situation. Particularly in good times, when even a fairly good employe who wishes to work is sure of a job, the average man prefers to market his own services, both as a matter of pride, and as a matter of economy. There is no doubt that the same expenditure of money in judicious advertising, if the employe were competent to make that expenditure, would bring better results. But possibly the employe is not so competent to do this as is the employment agency. It is their business. The average man perhaps does not market his services more than five or ten times in a lifetime. So he is liable to be almost an amateur at it. In getting together a large force of a uniform grade of labor—particularly that somewhat below medium grade—the employment agency is of great value.

So far no mention has been made of the free employment agency maintained by the typewriter companies. These are perhaps one of the best sources for getting in touch with stenographic help, that it is possible to find. Especially when there is needed an emergency force for a short time or even a sudden permanent increase, the typewriter agency may be used to the very best advantage. This agency has all of the advantages of the general employment agency and none of its disadvantages.

HIRING HELP BY ANSWERING ADVERTISEMENTS.

Another method of securing help is that of answering advertisements which are run in the want columns of the dailies. Some employers are very partial to this method, and secure excellent results from it. As a usual thing, the employe who runs an advertisement of this class, wants a job. He has decided that question for himself and there is no doubt that he wants work or wants a change. Many times he wants it badly. That means that the employer does not have to spend any time convincing the employe that he should go to work. When he writes a request for an advertiser to call, he is pretty sure to find a man who is anxious to get work right away.

A Disadvantage of Answering Advertisements.—The main disadvantage of this method is that the employer is to a great extent placed in competition with others who have answered the same advertisement. A well-written advertisement, well presented and showing originality and initiative in its make-up, will secure at least five or ten replies, sometimes more. This means that the employe has the pick of several positions. He is liable to shop around considerable, going from one to the other, before he definitely makes up his mind. Many times after he has actually contracted to go to work, he will receive a belated reply which will keep his mind off the position that he has taken, so that he does not get

settled down and become a satisfactory worker for a period of a week, or perhaps two.

Little Expense in Answering Advertisements.—But the progressive employer cannot afford to overlook a chance of securing good employes, and the trouble and expense of answering advertisements is little indeed. A private secretary or even a good bright office boy can mark up the Sunday papers in half an hour, checking those advertisements which look as though they might have something to them, and turning the sheet over to the manager or head of the employment department. These advertisements can then be re-checked and a stock letter sent out to the advertiser, asking him to call. This method takes little time and expenditure of little money. If one or two good employes are secured during the year, it will be both satisfactory and economical.

Incidental Methods of Getting Help.—Besides these systematic methods of securing employes, there are other and incidental methods. A great many times a drag-net is out so strong that everyone employed in a business is instructed to keep an eye out for other good help. This in itself is good business. It tends to create an excellent house spirit which manifests itself favorably through the entire business. Rightly done, it causes no friction with the employment department, because rightly viewed, it is really an excellent method of aiding that department in their search for the competent employe.

For instance, when an employe is obliged to leave on account of sickness, a change in prospects, desire to emigrate, or a similar reason, if this employe has had such a change in mind for a long time and has been instructed to keep watch for a substitute, the employe will often be able to break in someone for the position he has left.

Such a method is bound to be satisfactory, as in such a case, the leaving employe is not liable to take away information of value, but will communicate it to the successor. Often a younger member of the family—a brother or sister or relative, will be able to work into a leaving employe's place.

The Use of Combination Methods.—As has been shown, each of the various methods of getting in touch with the employe has its relative merits and demerits. It is best not to lean too heavily upon any one method, but to try them all out and see which seems to give the best satisfaction. As a usual result, such a try-out will show that one method will be particularly adapted to getting one class of help, another to another, and so on. To generalize, low grade help and certain high class technical help will be best secured through the employment agency. Advertising will secure general help and occasionally high grade and low grade employes, being particularly useful for large blocks; and answering advertisements will secure now and then an employe who might have been overlooked by the other methods.

Judging the Prospective Employe.—The first method of judging the employe is, of course, by the letter that he writes or by the application that he fills out. If the answers to an application are neatly, carefully and quickly written, it is a pretty good indication that the employe is neat, accurate and prompt. If there are no weak spots betrayed by the searching questions of an application, it is pretty certain that the employe has the necessary qualifications for efficiency. If the references are such that they back up the claims made by the employe, this is a pretty sure indication that he is the kind wanted. But as has been stated, there is always a chance of overlooking an employe who has not the ability of expression—who lacks the faculty of putting down his strong points—on paper. This will be recognized by a kind of intuition that comes from practice in handling such matters. The man who is used to looking over a large number of applications during the year and who makes a mental sketch of what kind of an employe a certain application will bring, learns to judge applications intuitively. This judgment can come from intuition combined only with extensive practice.

The Personal Interview.—There are some cases where it is not possible to have a personal interview with an employe, as in a case where the hiring is done through an employment agency and the prospective employe is at some distance from the house which is hiring him.

In this case it is necessary to judge entirely from written records, from submitted work and from recommendations which the prospect can furnish. Except where an employe has decided to locate in a certain town, it is quite an undertaking to take a man from one location to put him to work in another. As a result, the most careful scrutiny should be made of all the documents in the case and these should be especially comprehensive and searching. Photographs and some means of determining the physical capacity of the prospect are also to be taken advantage of.

Interviewing Methods.—Systematic methods of interviewing a prospective employe have been given but little attention. Yet this subject is a science in itself. Buying labor is just as much of a study as buying a line of goods. More so, because a line of goods may be studied until the buyer is reasonably familiar with what he is buying, but in the matter of buying labor, one is dealing with human nature, which is never constant—is always changing.

Perhaps the ordinary method of interviewing is that of conducting a sort of helter-skelter questioning. The employer asks a few more or less searching questions and the prospective employe answers them. As these questions are answered, they suggest others, until the employe tells the story, and the interview, if favorable, ends in a friendly "visit."

Standard Methods of Interviewing.—There are two good ways of conducting an interview. The first is for the employer to take the stand that the applicant has asked for the position and to throw on him the burden of making his case. The advantage of this method is that the prospective applicant is somewhat in the dark as to the exact work that is to be done and the exact requirements that are necessary for the job, and so he is unable to frame up a story that will fit the requirements of the position. Then, too, in telling his story, he is liable to betray any weak points that he may have, touching his ability as a workman. If his education is faulty, if he is inclined to be somewhat of a boaster, if there is an inherent thread of dishonesty somewhere in him, this is pretty sure to show when he is given the

chance to make his own case. On the other hand, when an applicant is given the chance to talk freely and unreservedly, it often gives him too good an opportunity. Unless the employer is on his guard, he is liable to be convinced somewhat against his will that the applicant is suitable to the position, and to view entirely the favorable aspects of the case. It is as though he heard but one side of a case in court.

On the other hand it sometimes happens that an applicant is extremely diffident and unable to make a good showing for himself. Some of the steadiest workers and men fairly brilliant in execution, are unable to make much of an appeal toward getting a position. They are all right once they are placed upon the right track. They then run to excellent advantage, but are not adapted to getting themselves started.

Interviewing by Questioning.—The second method of judging employes is that of giving them a close and careful examination in the form of questioning. This series of questions should always be given in exactly the same manner and should obey two general rules. The first rule is that questioning should begin with general requests and gradually come down to details. The second rule is, that—scattered through the quizzing—should be various questions which are in the nature of “trap” questions, designed to search out the characteristics which an employer wishes to guard the most against. An example of this latter kind, would be a question which is designed to see how freely the applicant would talk about the business of his former employer. In many cases, absolute secrecy concerning the details of a business are necessary. When an applicant expresses himself over-freely concerning the relations he has had with other employers and seems free to tell their business, it is a foregone conclusion that he will talk just as freely concerning the business he is about to go into.

Systematic questions should begin with the usual routine questions of age, nationality, and the like, where necessary, and from that go to details affecting the position the applicant is to take.

It is always to be remembered that there are certain classes of work for which past records are the only means of determining an employe's probable value. For instance, in all salesmanship lines, where a man is concerned with the marketing of the product, the evidences of the past work done are the best recommendations for consideration. Of course, a salesman or advertising man cannot carry with him, or would not be a suitable employe if he did, duplicate records of the amount of increases for which he was responsible, but he can give a concise summary in round numbers of the increased amounts for which he claims the responsibility. These claims must be viewed with care and judged with caution. For many times large increases in business come from a change in the process of general manufacture or management, the introduction of new systems, or an unexpected or unprecedented demand for a line. While now and then a vast increase in business is due to the efforts of one or two men, yet usually it depends upon a variety of causes. But the rule for taking a man from successful businesses holds here. Where an employe has been connected with a successful business, it gives him a sort of mental balance that nothing else does. His association with successful men has been an excellent incidental training for him, aside from the specific methods which he has learned.

Handling the Interview.—Employes are more and more studying the methods of handling an interview. Some of them put such intensity and earnestness into their application that they are liable to "rush" the employer and conduct the interview along their own lines. This is a good indication where the prospect is to do managerial or salesmanship work. The man who is used to controlling the situation—who is familiar with the problems of getting work out of a large force of employes, or who is used to going into a strange place and selling a bill of goods under heavy odds—as a usual thing, is strongly determined to conduct his own interview when he meets his prospective employer.

Personal Appearance.—The traditional methods of judging the employe by his personal appearance is per-

haps more honored in the breach than in the observance. There are certain undefinable characteristics which stamp a person as desirable or undesirable. These it is impossible to describe. If a man has not learned them by the time he sets out to hire help, he probably would not learn at all. The general statement that the man who is neat, neither under-dressed nor over-dressed, who lacks all those unmistakable signs of ill-luck and incompetence and bears himself in a gentlemanly and courteous manner is liable to be good material, is a somewhat vague generalization, but is about the best one that can be made.

Return Interviews.—A prospective employe who, after an interview, seems to be the man required, should not be hired before he has had a return interview or two. Many employers who apparently have lost a good man by observing this rule, will be inclined to disagree with it. However, there is no doubt that if a prospect who has been given a reasonable amount of encouragement does not think enough of his prospective position to "follow it up" by a little call or two, then he is not the man who is wanted for the job. There is a chance that the employe may be picked up by another employer who will make a more attractive proposition, but that chance must be taken.

A prominent employer who holds to this view makes the following statement:

"My first impulse when I get in touch with a good man and he seems to want to go to work for me, is to insure that he does not get away by putting him right to work. But I have found it the best plan not to do so unless he expresses an opinion to that effect. Where a man asks where his desk is and what will be the first thing for him to do and asks for his assignment, I put him to work and do the required investigating afterwards. But as a general thing, the man has some little matters that he wants to fix up—he may want to get settled or close off some little business deals. So I ask him how long it will take him to get settled, and then have him come in at the expiration of that time and make his formal contract and start to work."

BREAKING IN THE NEW EMPLOYEE.

The ideas that a new employe get the first week of a place where he goes to work are pretty sure to remain by him. It is a good plan, therefore, to take every possible means that these impressions shall be correct, inasmuch as they are going to be permanent. To do this, proper introduction is necessary. The employe must be properly introduced to his work and to his fellow associates with whom he is to labor.

Getting the Right Perspective.—This method of giving an employe a right perspective on his new situation is accomplished by pretty much the same means as was treated in taking up the matter of advertising. In advertising for an employe, it was stated that it is good practice to make the position appear in the advertisement as if it were somewhat more difficult than it really is. Similar methods may be used in breaking in the employe. While it is poor policy to provide an employe with a list of stringent rules which are to be obeyed, yet it is strikingly good policy to give him thorough instructions in writing, detailing him the difficulties and pitfalls of his particular situation. These he is advised to be on the lookout for and is shown how to avoid them.

The Right Amount of Information.—It is a question whether introductory information should be given in its entirety or in instalments. Where too large a list of requirements—or difficulties to be overcome—is handed to the average employe, it tends to create a condition of discouragement. It should not. It should only place the employe on his mettle to do his best. Perhaps the best method is that of giving a small list of general requirements and adding to these from day to day until the list is complete. An exception to this general statement is found, however, in hiring stenographers or clerical help where it is advisable to give a list of "best methods, and things to be avoided" in its entirety. One of the first duties of a new stenographer, in fact, should be the taking and writing of a list of rules to govern his or her particular work. This list should not be designated as a list of rules, but rather should bear the more

euphoneous term, "Best Methods to be Employed in Stenographic Work, for the Blank Company." This list should lead off with a paragraph something as follows:

"As a result of the experience of the Blank Company, it has been found that the best results come from the use of the following methods in handling correspondence. These methods are to be followed in detail, except where different instructions are given in writing, or dictated by someone in authority. The style sheet and matters of ordinary typographical or grammatical routine work, of course, will not be included in this list. It will cover only general business principles, as to hours of work, use of machines, stationery and similar methods.

Introducing New Employees.—The relations of a new employe to those already employed must be harmonious, or best results are not procurable. A proper introduction of a new employe to business associates insures this. This means that the work of the new employe should be clearly defined in the minds of old employes and that all ideas of favoritism, pull or undermining should be dissipated.

Use of the "Instruction Process."—There is only one method worth considering in breaking in a new employe. This is the instruction method in some of its original forms or developments. This method takes as a basis the fact that what the new employe needs primarily is instruction. First of all, there must be general instruction in that sometimes indefinite thing, house policy, and latterly instruction in the specific methods that are to be used in the particular department to which the employe comes. This may take a few moments, a few hours, or even may extend practically over the first year or so of the employe's work.

Sources of Instruction.—This instruction can come from three general sources: From the employer, from the foreman or department head or some fellow employe older in the service and in the same or substantially the same grade of work. Instruction from the employer has the advantage that it is authoritative, and as such, is liable to be more carefully observed than that coming from any other possible source. But the

employer cannot afford to spend much time at this work, especially where it might conflict with the discipline of those directly in supervision. The employer should make it a rule to come in just as close touch, however, as is possible with all his employes, from the man nearest below him to the one ranking lowest on the pay roll. Where possible, much more intelligent work will be done by employes who understand the motive which is back of orders given. This may be a matter of policy, however, and depends entirely upon the closeness of the relationship between the "old man" and his subordinates.

The second and logical place from which instruction can come is from the foreman or department head. He is responsible for the efficiency of his department for the amount of work turned out, and for its being up to standard—and as such he is logically the one from which this instruction should come. But a department head cannot spend much time on routine work. It is necessary, especially in a large organization, that the department manager devote his time to the large phases of business rather than the details. This is not so particularly true of the foreman. He stands in closer relationship to his men, having himself come up through the ranks, and having done the same class of work as he is now supervising. Therefore, routine work particularly falls on him and the new employe goes to his foreman for that part of his education which is necessary for him to carry on the work.

Training from Fellow-Employes.—When a new employe is placed in a well-systematized office and one where the employe-efficiency is high, training to be received from the fellow-workers is vital. For this reason the proper introduction of the employe and the definition of his position when he takes it—as has been referred to on a preceding page—is necessary.

In institutions where the education system by fellow-employes is at its highest development, the following method is used: On the introduction of a new employe into a department, one of the old workers who is thoroughly familiar with all the work in the department or with that particular work which the new per-

son is to do, makes it his business to train the incomer. For the first few days, this instruction will be very close, the incoming employe being thoroughly on his own initiative only as he forms correct habits of work and grasps the details in operation in the department. The incomer may be given a desk alongside the instructor and turn over work after it is done. This work will be corrected and revised and turned back, showing the departures that have been made from standard methods, methods of making the corrections, and particularly the ways of avoiding similar mistakes in the future. After a few days of this kind of work, the incoming employe will grasp the minor details and from them work gradually into the game. The results from this method show an increase from fifty to one hundred and fifty per cent over the old method in which a new man would be given a bench or desk and then left pretty much to his own resources to make out.

When the new employe reaches the stage that he is able to carry on his work without any supervision other than that given in the ordinary course of business, he may be said to be an "old hand." The problem of getting work from him then becomes one of general routine supervision.

SUPERVISION OF EMPLOYEES.

General supervision of employes is a broad subject and one which runs into ethical and sociological questions. The ordinary business exercises little supervision over help outside of office hours. This is for two reasons: The lack of time on the part of the management to take up anything of that class, and the ill result that comes from "interfering" with matters outside of mere office routine. Manifestly the business which has its hands full in turning out enough product to supply the demand, has little or no time to give any supervision to employes. On the other hand, the nature of certain lines demands such procedure. This demand may come from the character of the business, or from the difficulty of securing labor. As an example of the first, may be quoted the banking businesses, particular-

ly the large organizations like those of the city national banks. These institutions must maintain a close supervision of the employees in order to keep to the lowest point any defalcations or misappropriations which might result from unbusinesslike habits outside of office hours. In general, all such institutions conduct some sort of scrutiny of the conditions under which employees live.

Paternal Methods.—The so-called paternal methods, differing in character and in use in a great number of cases, particularly in large manufacturing plants, have to do with the securing of help and retaining them after they are once secured. The general idea underlying this system is that of making employment and the conditions surrounding it so attractive that it will prove a material inducement to a high grade of labor. For instance, the factory located in a suburb or a small town somewhat remote from the general labor market, will concern itself with homes for the workmen, and suitable up-keep for them. Besides such outside plans, there are always inside plans for increasing the comfort of the workers. Some of these plans include lighting, ventilation and heating of the plant, providing suitable meals for workers and installation of a large number of details of equipment which tend towards comfort and efficiency. Under good management, these plans yield excellent results. Under poor or indifferent management, they are bound to result in failure like any other good thing. The plan is all right, but it must be rightly managed in order to be efficient.

Development of the Individual.—Every organization aims to develop responsibility, initiative and loyalty in its employees. Routine workers are comparatively easy to get and easy to keep. The difficulty is in getting those who will profitably accept responsibility. There is probably no other known method of developing responsibility in the employee other than the time-tried test of distinguishing a mushroom from a toadstool. This, it will be remembered, is embodied in the instruction to "Eat it. If you live, it is a mushroom. If it kills you, it is a toadstool." It is pretty much the same

way in the development of responsibility. First of all, the responsibility must be placed on the employe. If he accepts it, other responsibilities can be added from time to time until this trait of character is developed up to a workable point. After an employe has had responsibility placed upon him and has failed to come up to the workable point, it means that the sought-for development has been a failure.

Developing Initiative.—The development of initiative is somewhat the same as development of responsibility. When an employe is hired, it should be impressed upon him that he is to constantly press forward, to originate new plans, think out new methods and feel at all times free to make suggestions to those who are interested in their adoption. This will result in the development of initiative as well as help to determine the efficiency of the worker, when the instructions are carried out.

In the development of loyalty, nothing is better than the constant association with other loyal workers. This quality is one which is imitative as well as inherent and often a worker who has the misfortune of being disloyal at heart, will be strikingly loyal through the force of example.

Maintaining the Force of Employees.—"How shall an efficient force of employes be protected from disintegration?" This question is one that is constantly coming up in the mind of every employer who has got together an efficient force. Deaths, resignations, transfers and discharges tend to reduce the ordinary force to below normal. And besides this, there is always a constantly increasing volume of business to be remembered when calling for new help. Hiring, which has been treated in detail on the foregoing pages, is, of course, the first method of keeping a force up to standard. The general rule is wherever possible to hire from the bottom as much as possible, leaving promotions to take care of the top. This means that in addition to the system of constant education, there must be a more or less exact system of understudies. Those trite statements touching the uncertainty of life apply with equal force to the uncertainty of commercial life. Often an employe is developed up to a high point of efficiency,

only to betray some weakness that makes it necessary to remove him. Or, if a good man, he may wish a change of some kind, and insist on making it. In a well-organized business, no one man can be allowed by his resignation or change of firm to cripple the business. This means that immediately beneath every employe is one or several who can "step into his shoes." Often a man occupying an important position may be replaced by several who, in addition to their regular work, take on some of his. Sometimes, the replacement may be entire, as when an employe familiar with routine work takes up the managerial work as well, of a higher position.

Nor need this system of understudies interfere with discipline. An employe will do work better and will be more efficient when he knows that there are others who can be reached to do what he is doing. This is a great general law of competition and everywhere holds in dealing with the employed.

So the rule for good maintenance provides for two things: That promotions be made from the ranks; that the organization be so shaped that no single employe is the key-stone which, removed, would cause the entire business structure to fall.

The Cost of a Working Force.—Cost keeping—as regards finding the cost of a manufactured product—has been reduced to a comparatively exact science. It is now possible, by the use of a comprehensive cost system, to tell within reasonable bounds the cost of any item of a large line made by a factory, as well as the cost of individual machines. But the matter of finding the cost of a working force has, as yet, been given little attention. Perhaps one-tenth of one per cent of the businesses in the United States maintain such a system.

The cost of an employe is of two kinds. First is the absolute cost; second, is the comparative cost.

The absolute cost of an employe is made up of the following: First, the initial cost of securing him; second, salary paid him; third, cost of house and machines necessary for him to work. This shows that employe cost is not limited by the amount of money expended

on the pay roll. As a usual thing, the cost of obtaining an employe is an amount large enough not to be a negligible quantity. It may be \$5, or it may be \$500. Where a good system for hiring help is maintained it may be very small; a force of one thousand employes, for instance, may easily be kept up to number and grade for two dollars per head per year.

Pay roll costs have been figured from time immemorable to include all of the items of expenditure on help. But this is not the case. There is more or less overhead expense for housing the employe, maintaining an office for him to work in, or keeping a machine or set of machines in running trim for his use. By figuring employe cost on this basis, a new basis is obtained which supplements the ordinary cost department; the latter limiting itself entirely to material cost.

Under the head of comparative employe cost a new factor is introduced in cost keeping, by figuring the relation of the cost to the output of the employe. Where employes are paid on the flat rate basis their earning power depends greatly upon their comparative efficiency. This should be calculated by one of the many systems that may be installed for that purpose.

The Matter of Salaries.—There are three methods of paying employes. These may be termed: First, the high salary plan; second, the low salary plan; third, the mixed or indeterminate plan. Business opinions divide on the matter of salaries. There are two schools. One lot of employers are in favor of paying high salaries and getting the best possible help, while the other extreme believe in getting high grade labor by means of supervision, and the employment of practically all low grade help. The mixed method employs high or low grade help indiscriminately, grading the salary accordingly.

What High Salaries Mean.—The advantage of high salaries comes mainly from the kind or class of help which is secured by means of high pay. In spite of everything that may be said upon the subject, what binds an employe to his job is the emolument which he obtains or is promised. Now and then an employe stays at work year in and year out for the love of it or be-

cause of inertia which keeps him from changing. Usually, however, the employe is in business for profit just as much as his employer.

The high salaried house has its pick of employes. The house which has the reputation for paying high salaries always has a large number of good names on its waiting list. This means that such a house has a very large choice, and can maintain an extremely critical employment bureau—a department which can scrutinize the qualifications of hundreds of employes, to get just the kind wanted.

Specification Makes Low Salaries.—There is no getting away from the fact that the tendency of the times points right toward automatic production. Where work had to be done slowly and painfully by hand a few years ago, the same work is now done by automatic machinery, often controlled by an apprentice or boy instead of a skilled operator. System has done just this thing for all lines. By the introduction of the right methods and systems into the various businesses, thousands of operations are now made automatic and may be performed by comparatively low grade labor. The percentage of supervision has constantly grown smaller and smaller. Where one man could supervise a dozen workers at hand work, the same man can superintend a hundred doing automatic work by the aid of systematization. This has made the percentage of high class labor tend to grow smaller and smaller as a result, and has tended to make the average wage grow smaller, particularly where there are no union restrictions.

Keeping Salaries or Wages Low.—There are many employers who use every lever to keep the salaries of their help down to the lowest possible point. Whether this pays or not depends upon the relation of the output to the unit of salary. Often it is found that after deducting incidental losses—imperfect work, breakage, and the like—that the low salaried worker does not have a proportionate output as compared with his higher salaried brother.

Usually the determination of whether high or low salaries shall be paid, is not a matter of calculation or experience. It is a matter of the temperament of the

managing or controlling interest. Older men, particularly those who have accepted new methods with grudging hesitation; and younger men—now employers—who have had a desperate struggle to obtain a foothold, are usually strong advocates of this method, as are corporations which are held by distant interests.

In considering the matter of salaries, the subject of prestige is not to be overlooked. Employees will work for a lower salary for a house which has a favorable reputation than they will for a house which is just starting or is of doubtful repute. A business of good character is able to offer other inducements than the mere pay envelope or pay check, as often there are many incidental benefits which accrue. This is by no means overlooked by many employers who make "prestige of the house" a great talking point in hiring their help.

How to Pay.—The question of manner of payment is one that arises in a great many cases, particularly in dealing with salesmen. There is no doubt that the straight salary basis is the best method of payment for by far the largest class of employees. In paying salesmen, however, it is a debatable question which is the better method. In a business where the sales profits are very large and entirely dependent upon the volume sold—that is, where the demand for the product is not constant—the commission method is far ahead of the salary method. The salesman is paid for what he does. The harder he works—the more attention he gives to his labor—the greater is his reward therefor. As a consequence the businesses maintaining a commission sales force have made records for salary payment and efficiency that never are or can be approached by the "salary" house.

The Salary Method.—The advantage of the salary method is that it puts a salesman on a sure basis. He knows just exactly what he is going to receive. His expenses being paid, he knows that he is sure of a certain income—no matter what comes. This is attractive to a certain class of workers who are a little lacking in self-reliance but who perhaps are otherwise good salesmen.

As a general thing, it may be stated that the method of payment to be used—whether commission or salary—depends on the proposition entirely. An established house having a regular trade—one that runs about constant—usually can utilize the salary method to the best advantage. On the other hand, when a proposition is anything in the nature of a try-out, it is impossible to determine a salary which makes a suitable basis. Everything depends upon how hard the salesman works—limited only, of course, by the limits of the proposition. As a general thing, those in favor of one method of payment or the other will be found to base their opinions upon the kind of proposition they are putting out.

SYSTEMS OF WAGE PAYMENT, AND THEIR APPLICATION.

There are two main methods for the payment of labor in the factory. The first is known as day work plan of payment and consists in paying an employe a stated sum for a day's work. The second is known as piece work and consists in basing the amount of pay upon the amount of work turned out. A certain unit --or piece—is taken as a standard of payment, hence the term, "piece work."

Day Work.—The advantage of this method of wage payment is that it is the traditional method of payment. Not only are workers accustomed to it, but prices and estimates are based upon it. The weak point in day labor is that too much dependence must be placed upon the honesty of the employe. There being no inducement other than the indirect inducement of approval or promotion—the rate of production under day labor is liable to be very low. This is due not only to what may be termed the "dishonesty" of the employe, but to the fact that employes may not know how much they are competent to do. This is shown when some system of piece work is put in, and it is found that the productive capacity of the employe is increased sometimes several hundred per cent.

The proper management of day work employees rests, therefore, upon supervision. Where work can be planned—where it is possible to lay out a certain amount of work, this to constitute a unit, the maximum productive capacity of employees can be obtained. But in a large number of operations it is not possible to do this. Employees cannot be constantly and closely supervised. If they show a disposition to loaf it may be done even when they apparently are doing their best. In a great number of factories where day work is employed there may be actual restriction of output, often because of custom or unwritten law which stands in the way of doing any more than the traditional amount of work in a day's time.

Piece Work.—Theoretically the piece work system is not only just to the employee, but is absolutely just to the employer. By the piece work system an employee is paid for so much per piece. Under the system it is commonly found that the productive capacity of employees is far in advance of them under the day work system. But even here employees will not do a maximum amount of work, for the reason that they fear a cut in wages when the output becomes too large. As a consequence a sort of compromise output is determined upon—often informally—by the employee, and few of the piece workers ever go above that amount. An employee who had been drawing \$18 per week at day work and who was enabled to earn twice that amount by piece work would hesitate before pushing his output up to the point where he would receive three times his former wages. He would fear a reduction of price per piece, because he would know that the work that he was doing would not stand a wage of \$54 per week. He would be content to remain at \$36 per week and take the chance of a cut being made rather than increase his output to a \$54 wage basis. Such is the theory and the practice of piece work.

Other Systems.—There are other engineering systems of paying labor, but all of them are based upon the piece work method, some of them are quite complicated and, with the co-operation of the employee, work out in

excellent shape. But the difficulty always has been and always will be, that it is practically impossible to determine what is a day's work except in those industries where work is made of few or uniform operations. Where there are many complex operations it is practically impossible to form an equitable basis for payment. Suppose, for an instance, that a series of operations is figured by a manager who is an adept at the various operations in the factory. Knowing that the skill of various employes varies from 50 to 150 per cent, it would be impossible for him to figure any basis which would be fair to them all. As a result the success of his system would depend entirely upon whether or not there was a competent lot of employes to work it out.

Profit Sharing.—In a business of the ordinary size—that is, of a size that may be kept in touch with the owner or management—there is a house feeling which does not call for direct profit sharing. Each employe feels that he shares in the general prosperity of the business and is willing to do his part in helping to work up that business and to take care of it after it has been secured. But in a large corporation where the employes run into thousands or sometimes into tens of thousands, an impersonal feeling is bound to result. To overcome this impersonal feeling, it has been found a good method, in some cases, to introduce profit sharing. By this term is meant the division of profits above a certain sum, among employes who either hold stock or who have been with the concern for a certain term of years or more. This in the case where it has been used, has seemed to have a good result. A disinterested employe not only is a loss to the business because he does not actively push his own work, but the firm loses on him through lack of loyalty. This loyalty comes when he has a personal interest in the profits of the entire concern.

Letting the Employe Go.—The discharge of an employe or employes has been brought down to a science by some few managers. Such men use the following rules:

(1) Except in cases of absolute dishonesty or the breach of trust, always protect an employe (when he

wishes it) when he is discharged. See that he is given due notice that he may prepare himself for a change, and use all the means at the command of the house to secure him a satisfactory position. This is bound to retain the interest of the employe, even after he has left the service of the business.

(2) Assure remaining employes of the permanency of their positions. This prevents dissatisfaction which might occur among employes whom it is wished to retain.

(3) In general avoid all sudden lay-offs, particularly of a large force.

(4) Where possible, have the leaving employe distribute his work among other employes so that he can instruct them in the work that he is to leave. It is often practicable to keep a leaving employe in touch with the business for some time after he has left, if his new duties will not conflict with it.

Transferring Employees.—In many cases where it seems necessary to discharge an employee, it is possible to transfer him to some other more busy department or to some other position for which he is better fitted. This, of course, should be done whenever practicable. Some times men are hired hurriedly and are assigned to work they know little or nothing about. It often occurs that a man really in need of work will take a chance and say "yes" to almost any question that the employment head puts to him regarding his ability for any certain line of labor. Such a man may trust to his common sense to adapt himself to the work after he has tackled it. Not infrequently, investigation of his fitness for the place goes no further; he is simply given a pass and sent to the department which has asked for help.

This haphazard assignment of men not only creates somewhat of a chaotic condition in the department to which an applicant may be sent, but also wrongs the workman himself. He is put to work without real knowledge of what he is to do, and often he does not understand just what is expected of him. The consequence is that he is either woefully misplaced,—in which event he is speedily discharged and never makes a second

attempt to secure employment with the house—or even though he makes good, his abilities may fit him for a better place, and he then speedily sickens of his unworthy task and leaves of his own accord.

This, it may be reasoned, only happens in a small number of cases, but yet, the matter is of sufficient importance to be well considered before discharging a man. The issue is that the man who quits for a reason of this kind nearly always would develop into a valuable employee if he were rightly placed.

Where the transfer of men from one department to another has been the policy of a business concern or factory, the discharging of workmen has been reduced in a marked degree. In one plant the reorganization of the employment department as suggested cut the "pay-offs" squarely in two in six weeks and trebled the previous average of transfers among departments, with a corresponding increase in efficiency and the individual co-operation of the men. Yet the changing of the system involved only the addition of an assistant employment agent and an extra clerk.

This method of transferring makes the problem of discharging men much easier to solve and, excepting where slack trade necessitates a general cut in the force of employees, does away with many of the disagreeable features connected with this branch of the employment department.

BOOK II

BUSINESS METHODS

CORRESPONDENCE

The importance of letter writing, while considered of theoretical value by many business men, is often viewed from the standpoint that they themselves write a good letter and should be therefore slow to change their individual style to conform to another standard than their own. The test of a business letter as of an ad, is, does it do the thing required of it, i. e., get the business in the best possible manner and to the best advantage,—and, the business having been secured,—it becomes the additional function of the correspondence to cultivate it and “keep it coming.”

ELEMENTS OF A GOOD BUSINESS LETTER.

The essentials which go to make up a good business letter may be divided into two classes—mechanical make-up, and contents. Before a letter can come into existence the mechanical side must be attended to. The subject matter may be pertinent and well composed and yet the letter itself be so arranged typographically and so disposed on the page that the unity of the whole is lost. The display as a whole should balance. Before the stenographer starts the address, calculation should be made as to how many lines the letter will run and as to how it should be disposed on the page. The body of the letter should neither be crowded near the top nor bottom of the sheet, but should be so placed that, viewed in connection with the letter head, it presents a well balanced and artistic effect. This effect is often underrated, being in fact passed by without a thought by the average stenographer, and the ordinary business man is so busy seeing that his dictation is correctly transcribed that he gives little thought to this essential. Harmony of color effect should be observed. A yellow paper bearing the firm announcement in blue, the letter in green and signed with purple ink is not to be recommended.

Letters blurred in copying and wet from the press or otherwise violating the rule of neatness cannot help but produce an unfavorable impression. Orthography and capitalization, particularly of proper names, should be exact and uniform. A misspelled word in the body of a letter, particularly if a mere transposition of letters in typewriting, may occasionally slip in and do no particular damage, but the misspelling of the name of the party addressed may lose an order, and cannot help but militate against the general effect of the letter. Neatness—uncompromising neatness—that should be the first effect of a letter, giving the idea that the firm putting out the writing is thorough master of the minor (as well as the major) details of its business.

Contents.—In letter-writing, contents may be divided into subject matter and expression. The subject matter is, broadly speaking, what the writer says. This should coincide with two other things—(1) what the writer wants to say, and (2) what the one addressed wants to know. Something which is the a b c of life and a mere matter of routine to the writer in a certain line may be abstruse and complicated to a non-technical reader. To avoid an offensive simplicity of language on the one hand and excessive technicality on the other is one of the tests of a good business correspondent. There is a tendency to slight simple questions asked by different inquirers day after day, which must be avoided by putting oneself in the place of the one asking the question, and giving the knowledge for which he is looking.

One of the most, if not the most, important essentials of a good business letter lies in correct expression. The one thing which causes more failures in business correspondence than any other, is the incorporation of personal peculiarities in a letter. There may be called to mind, in fact, more than one established business backed by ample capital, having a broad field and financed by capable and conservative business men, that is at the mercy of a poor correspondent. This is ably expressed by Forrest Crissy, who says:

“So apparent must be the importance of this branch (tact and tone in business letters) of business system-

atization, that scarcely a word of argument is needed to enforce its necessity. Very recently a large wholesale merchant said to me: 'I have recently been obliged to discharge the head of my credit department—my confidential man. He is honest, conservative and shrewd, but recently I have been awakened to the fact that his incapacity to write a letter which does not leave a sting, a chill, or at least a sense of lofty indifference, is hurting my business more than would some downright reckless blunders. When he writes a letter granting a good customer a larger line of credit he gives it a twist that somehow makes that customer wish he hadn't asked for credit and thus placed himself under added obligations. And if he refuses to meet the request for such a favor the refusal is so put that it seems a studied effort to conceal a strong unwillingness to give any credit at all. Yet this man has always considered himself an adept in letter-writing—and for a time he completely hypnotized me into that view. But at last the steady withdrawal of patronage and the occasional outspoken retorts which his letters provoked forced upon me a recognition of the real condition of affairs. Then I went out after a man who could write a business letter that had just the right ring to it; that was neither so sloppy that it sounded hypocritical or so stiff and stilted that there was no tone of good hearty business friendliness in it. I have found him. He comes high, but the difference in results is remarkable. Of course, there are other things required than this form of literary ability—if that's what you'd call it. He must have business experience, business judgment and all the other cardinal business virtues; but the addition of this peculiar capacity to write business letters that hit the mark is a rare gift and makes him a star man.' "

Simplicity and clearness as an element of expression cannot be rated too highly. The saying of a thing in the plain language of the common people, not only adds to the style and dignity of a letter, but has the most vital element of being understandable. As Chas. R. Weirs says, "Eloquence, either real or imaginary, has no place in a business letter."

Whatever else may be neglected in writing, courtesy

should not be slighted. A man may be told nearly anything face to face—it is qualified by the bearing, tone of voice, manner and earnestness of the speaker. A sentence may be given an entirely different meaning by a tone or gesture—it may even be diplomatically changed after partly spoken, to make it conform to the unconscious demand of the listener, and most of all—spoken speech is transient. What is written, on the other hand, is put down in black and white to stay. The record is permanent. It can be offered in evidence, can be dug up years afterwards from a musty file, and discourteously written can queer, not only an immediate sale, but the sales of a decade.

Length.—Letters often tend to verbosity from the fact that they are dictated instead of written. Were a man to write his letters himself with pen and ink he would study brevity and conciseness of expression, but having letters written for him, he will dictate more than he would write. Brevity is not always desirable. Some people—particularly those receiving few letters—like to receive lengthy correspondence. Getting few letters, they wish those long and newsy. A letter is an event to some patrons and cannot be too long for a careful perusal. In this class of letters the party addressed may be often appealed to in conversational style; as, "Judge of the goods yourself, Mr. Brown," "We ask you, Mr. Smith, if we have not treated you fairly?" etc. At the other extreme is the business man, particularly the city business man. To him, brevity to the point of curtness is always welcome. As someone has alliteratively said, the formula for a business letter to a busy man is: Sir: Say it. Stop!

Judging the Other Man's Letter.—One of the prerequisites of a good correspondent is the ability, inherent or acquired to judge the general character and status of the writer by means of his letters. Until the last few years the letter-head of a firm was a considerable guide to the standing of the company putting it out, but good printing is now much more common and many one-horse concerns put out conservative, well-gotten-up stationery. Ability to recognize the efforts of an amateur or schoolboy inquiring for a cata-

log with no intention of buying and to treat the writer accordingly, call for almost occult powers. The president of one of the large machinery companies putting out a cement mixer selling at \$850.00, relates that one of the company travelers visited Detroit in response to an apparently good lead and found a twelve-year-old boy wanted a dozen cement mixers "to go into the mail-order business with." Some companies putting out expensive catalogs write a letter asking a doubtful inquirer to fill out an information blank before sending a catalog. The correct interpretation of the personality of a writer means the saving of dollars of expenditure as well as the ability to write him correctly. In a fire insurance concern employing hundreds of agents it would be easy for a manager to inform himself through his special agents as to each agent's nationality, education, experience in the business, etc., and vary his correspondence accordingly, while a mail-order house might have no means of judging a man but by his bare letter.

Form Letters.—A form letter is one of a series of letters, to be sent on similar occasions. Such letters are usually in imitation typewriting with blanks left for the name of the party addressed, and when carefully executed are a close imitation of a typewritten letter. Form letters vary from those not to be distinguished from actual typewriting, to the stock letters of collection agencies, in which no attempt is made to imitate the machine. Some writers use a number of short forms or inserts which they use in dictating to avoid a repetition of dictation.

Letters of Recommendation.—The promiscuous writing of letters of recommendation has done much to cheapen the effect of recommends. Many firms refuse such letters entirely. Perhaps the best plan is to have an employé, when leaving, use his former employer's name as a reference.

CREDITS

The science of credits is not an exact one and not one to which the same rules are applicable at all times and for all lines of business. The endeavor of the credit

man is to keep his losses as near the zero point as possible without needlessly limiting sales.

Knowledge Necessary to Credit Man.—The credit man of a house selling a line of goods over an extended territory should have a complete knowledge of the several phases of business minutely associated with extension of credits.

General Financial Conditions.—The condition of a territory as regards money is important. A comparatively small area may be experiencing business depression because of continued wet weather, extension of a new railroad cutting off trade, crop failure, or similar causes, while other territory in the same locality is enjoying phenomenal prosperity. Some towns in local option districts enjoy good trade at certain times only, depending on the predominance of the "wet" or the "dry" faction. No condition affecting financial conditions is too small to aid in determining the financial future of a district.

Business Detail.—The cost of production, amount of stock on hand, and in fact all the operative details of his own business should be thoroughly understood by the credit man. The more complete his knowledge is of the details of his firm's business, the better he will be able to judge wisely in putting out goods.

Knowledge of Customer's Business.—In order to grant credits intelligently, a credit man should know how the customer's stock balances, and what per cent he is selling him. A buyer running a general store may be rated good for \$15,000, and yet \$1,000 worth of a certain line of goods may be in excess of his credit and out of proportion to the remainder of his stock.

Knowledge of Finance and Law.—In judging the relation of incoming money to the financial strength and policy of his house, the credit man should know something of finance, while a knowledge of the law of credits, collections, exemptions, bankruptcy and allied subjects is of vital importance.

SOURCES OF CREDIT INFORMATION.

To bring the making of credits down to a systematic and scientific basis there are four sources from which

the credit man may draw: Mercantile agencies, reports from the trade, reports from the salesmen, reports from local banks or attorneys.

Mercantile Agencies.—The report of a mercantile agency is the basis from which a credit man can work, all additional information qualifying the report given him. His past experience must determine its degree of accuracy and to what extent a report is to be absolutely relied upon. The effect upon the merchant of the existence and supervision of the agency, is a salutary one, giving an extra incentive to keep his commercial record clean.

Trade Information.—By exchanging information with other credit men in the same or allied lines of trade, many problems in credits may be simplified. Such information, however, has the disadvantage of being slow to secure, as a merchant's creditors may be widely separated.

Salesmen's Reports.—Information from salesmen, under ordinary conditions, is peculiarly valuable. The salesman is posted as is no one else by frequent visits, knows the buyer's strong and weak points, the general condition of trade in the town and surrounding country, and if shrewd, can intuitively sense the moral hazard of an account from actual contact with all the conditions surrounding it. If a salesman reports his opinion of each risk assumed by the house it does not take long to tell the value of his observations and whether he possesses the capacity for giving a dependable rating.

Local Sources.—Information obtained from local sources is open to various faults, partiality or hostility to the one reported on or indifference to the correctness of the report, being among the number. Banks often take the attitude that they are not called upon to make a report, particularly upon a customer not a depositor and of whom they have no accurate knowledge other than of a general nature. Attorneys' reports are of all kinds, frequently carelessly irresponsible, the ordinary attorney not being an accurate judge of the financial condition of a business man.

COLLECTIONS

In collections the main thing is to get the money when due. This is more than it seems on the face of the statement. The ideal condition will never be reached when each customer pays his account when due, asking and expecting no favors.

Prompt Payments.—Customers can be educated to the fact that payments are to be met unconditionally at maturity of account. Prompt payment of bills is no more to ask of a customer than is the prompt delivery of goods ordered by him. The country trade often takes this stand: "We buy of your house. They should consider it a favor to get our trade. Hence, if we desire to wait a few days in the payment of a certain bill, the house should not hurry us, as one overdue account cannot make any difference to them." This stand would be comparatively reasonable if the credit man could know, first, the exact condition of the business affairs of the debtor; second, that he desired a reasonable extension, and was not simply ignoring communications with a view of not giving them a square deal. As collections are made, this tendency must be combated and overcome, and those customers habitually making such an excuse must be educated otherwise.

Rendering Statements.—Statements should be rendered at the time the account matures, not the first and the fifteen of each month. Then the statement as sent means something decisive—"remittance expected."

Sight Draft.—The efficacy of a sight draft as a means of collection except in small towns or country neighborhoods where a bank holds up merchants close to the credit line, is fast growing less. There was a time when the return of a draft meant impairment of credit for the debtor, but that does not now always hold, particularly when the draft is drawn through a bank other than the one at which the drawee does business. It aids to no small degree to send drafts through the bank at which the debtor has his deposit. If he has not the money to take up the draft he cannot give an evasive request for return, the notification is much more liable to be, "Wants extension,—will write." Some

houses have a rule to draw through the First National Bank, if there be one. This is not to be recommended, as both the bank and the customer will be better pleased and result be much more satisfactory if the bank at which the customer is a depositor is used.

Letters Following a Draft.—When a draft has been refused payment, if the customer does not write immediately, a tactful letter from the house should go forth. This should not be a collection letter demanding immediate payment, or worst of all, a form letter, but a heart to heart letter, asking why payment has been delayed.

SPECIFIC APPLICATION.

Collections vary so much in character, size and surrounding conditions that anything like a general rule cannot be prescribed. Classified as to size, the following methods may be considered representative:

Under Ten Dollars.—Where one or a number of small collections are outstanding, a statement is first sent to each debtor, followed in five days by a personal letter, either with or without notice of draft to be drawn in a specified time. After draft is drawn and refused send collection to Justice of the Peace if delinquent lives in small town or in the country. Justices of the Peace commonly are very thorough in their collection methods, are usually well acquainted in their district and rarely if ever misappropriate funds, while their charge is nominal, often being but 10 per cent, where an attorney would charge several times that sum. Banks often effect small collections, but seldom do more than notify the delinquent. Bank charges on a collection are uniformly reasonable. Collection agencies using the "letter system" should be used sparingly if the trade of the delinquent is a consideration. The "letter system," in which a series of letters threatening suit, attachment, and the like are mailed the delinquent, are peculiarly effective for a list of country collections, the cost averaging probably 50 per cent. Small collections not closed off by the above method may be considered practically worthless. Where trade is to be retained, tactful personal letters following a statement are best.

Ten to Fifty Dollars.—Accounts of this size may be handled either as given above or through the local bank. Where parties are good but slow, bank methods are usually satisfactory.

Fifty to One Hundred Dollars.—To get immediate results turn over to a collector, preferably one connected with or vouched for by the house. Where a debtor is in danger of becoming insolvent a bank or attorney will often protect local creditors against enforcement of claims of an outside house. A collector may often make a settlement by being on the ground and obtaining security and so protect his house from an assignment or failure of the debtor.

Upwards of One Hundred Dollars.—Collections of this size and importance require personal attention. If the debtor is within a reasonable distance, by telephoning the correspondent of the house or a bank, information can be obtained, often more valuable than would be written, and the condition of the debtor can be judged accordingly, and the campaign mapped out to conform to conditions reported. A rule in all collections should be to get the cash—if not, then unquestionable security, security that may be banked at not to exceed 10 per cent discount.

City collections are materially different from country collections, as the percentage of losses is much larger, from removals and the better facilities afforded the dishonest or careless to avoid their obligations. An energetic and tactful collector will affect the largest share of city collections when the amounts are small. When large collections come slow, a careful investigation should be made to determine the cause.

Suit.—Suit as a rule is not advisable, except in certain cases, as when a debtor has the reputation of not paying back accounts except when sued; when a debtor has property which may be reached by an attachment, etc.

BOOKKEEPING

Bookkeeping is the art of making a systematic record of business transactions, so as to exhibit the resources and liabilities of the business. The system in

use in a business, the business itself or more often the adaptation of the method of accounting to the requirements of the business, determine kind and number of books used. When but a single book is used, it is usually a simple book, similar in form to the common day-book, in which are set down in the order of their happening such transactions as are necessarily recorded. As it is not to advantage to bulk too many accounts in one book, the cash-book, purchase-book and sales-book are often used together. The principal book of accounts is the ledger, it showing in classified form all the records of the original books of entry.

Systems of Bookkeeping.—Two systems of bookkeeping are in use, single entry and double entry.

Single entry is most commonly used by retail merchants and other similar tradesmen. It keeps no account of property, personal accounts alone being shown in the ledger, which, consequently balances only when the business is closed out. Saving in labor over double entry, it furnishes fewer checks against error. One of its fatal objections for some classes of business is the lack of detailed information shown regarding the sources of gain or loss. This information, as clearly exhibited by the double-entry balance-sheet is often an absolute essential in the determination of profit. In single entry, to determine capital at any time, the inventory of resources and liabilities is taken; the difference between the totals indicating the capital. The difference between present and former capital gives the loss or gain.

Double entry bookkeeping requires that every transaction be entered twice, first on the debtor side of one or more accounts, and second, on the creditor side, thus keeping the ledger in balance perpetually.

Debit and Credit.—The first law of double entry is that every debit amount in one account must have a corresponding credit amount in some other account, and vice versa. The rule of debits and credits may be thus summarized:

(1) Debit that which into the possession of the business and costs value. (2) Credit that which goes out of the possession of the business and produces value.

Rules for Journalizing.—Besides the above general rules the following specific ones may be given:

The proprietor is debited: (1) For withdrawals from the business for personal use; (2) for liabilities assumed by the business; (3) for net loss when the books are closed. He is credited (1) For all investments in the business; (2) for net gain when the books are closed.

Property is debited, under its given name, when it comes into possession of the business. It is credited, under its given name when the business parts with it.

Persons are debited (1) when they get into our debt; (2) when we get out of their debt and are credited: (1) When we get into their debt and (2) when they get out of our debt.

Expense account, including rent, salaries, insurance, etc., is debited for money paid out to carry on the business and credited for the proceeds of the sale of any item previously debited to expense account.

Bills receivable are debited when received by the business and credited when the business parts with them.

Bills payable are debited when redeemed by the business and credited when issued by the business.

Allowances, as interest, discount, collections, etc., are debited under their given names, when allowed to us by others, and similarly credited when allowed by others to us.

Trial Balance.—The taking of a trial balance frequently causes the student or bookkeeper a great deal of waste time, such mistakes commonly arising from errors in posting, though there is chance for an infinite variety of mistakes to arise. The following rules are of use in tracing errors:

Go over the additions of the trial balance.

Go over all additions of the ledger accounts.

If not located, check your posting as follows: Trace each item from the journal to the ledger, and if found to be correct, place a check mark at the left of the first money column in the journal and at the left of each date column in the ledger.

Find the exact amount of error; if ten or some power of ten, the error is usually in addition.

If the amount is exactly the same as some amount in the journal, the error is probably with that amount.

If the amount of error is divisible by nine, the error is probably in transposition of figures.

If dollars have been written as cents or vice versa, dividing the difference by 9, 99, or 999, respectively, will locate a figure which has been misplaced one, two or three orders to the right or left.

Closing Set of Books.—Before attempting to close a set of books, a correct trial balance must be had, and a *statement of the business* should be made out. The statement of the business will give the figures to be used in closing the ledger accounts, and by its use all errors will be avoided. The following definition should be kept in mind:

Inventories show the value of the goods and property remaining on hand.

Non-speculative accounts are those on which we do not directly gain or lose. They are cash, personal bills, payable and bills receivable.

Speculative accounts are those whose nature it is to produce gain or loss. Merchandise, expense, and like accounts belong to this class.

If the work of closing a set of books is performed in the following order, there will never be any trouble as to the result:

1. Enter inventories, in red ink, on the credit side of the accounts to which they belong.

2. Close all speculative accounts to loss-and-gain account.

3. Close loss-and-gain account to proprietor's account.

4. Rule all accounts that balance.

5. Bring down all inventories and the balance of the proprietor's account.

A trial balance of the ledger at this point should exactly agree with the resource and liability division of the statement of the business.

The reason for taking a trial balance at this time is that we may be sure that the books are in balance be-

fore we put any new business on them. For, when we next attempt to take a trial balance, and it does not balance, we would naturally look for the error in the work of the month, when, quite likely, it would be in the closing of the accounts or in the bringing down of the balances, which a trial balance as just suggested would have brought to light and all trouble from such an error have been saved.

When a new business period is to be begun and the old books used, no opening entry is necessary, as all the accounts that would appear in such an entry are already on the books.

PRICE MARKS

The use of a set of secret marks with which to mark the price of goods is in universal use. As a rule the buying price only is marked in these characters, the selling price usually being in plain figures.

Arbitrary signs are sometimes taken to designate the numerals, but as a usual thing a keyword is used, the letters of which stand for the numerals. Following are examples:

1 2 3 4 5 6 7 8 9 0
V A N D E R B I L T

In a similar way "MAKEPROFIT," "CALEBSMITH," or "CHELMSFORD," could be used. A repeater is sometimes used instead of writing a character twice.

INVESTMENTS

Those having money to invest may be classed in three groups: First, those persons who wish absolute safety of principal, permanency of investment, and regularity in the payment of dividends; second, those persons who are willing to take some risk, looking to a higher dividend rate, and other incidental benefits, such as business association with other stockholders, gain of knowledge of corporation affairs, etc., to indemnify them for lack of absolute security of the principal; third, those having a comparatively small amount for investment and willing to risk their money in concerns openly promoted for the purpose of enriching the backers if

lucky, and with the expectancy of reaping large profits in a new and untried field—not properly called investments.

Classes of Investments.—Investments are of two classes: First, the class in which the investors become the absolute owners of the securities, as in purchases of real estate, government bonds, etc.—these being *purchase investments*—and second, the class in which investors advance money upon the promises of borrowers to return the money with interest, and upon the securities which the borrowers pledge or bind in support of their promises, as in loans upon mortgages,—these being *loan investments*.

Margin of Safety.—In determining the worth of an investment, the difference between the actual and permanent values of securities and the amounts of the corresponding investments is taken, this being termed the margin of safety. It is evident that this margin will vary in a direct ratio with the rate of income. A United States Government bond, for instance, yields less than 2 per cent to the investor, a state bond may pay 4 per cent, and a western farm mortgage 8 per cent.

Public Securities.—Government bonds open to purchase have the advantage of safety, but the rate of interest is so low as to put them out of the investment class except where unconditional security is a prime requisite. The bonds of states which have borne a good financial reputation are comparatively safe. Municipal bonds are now very popular investments, yielding $3\frac{1}{2}$ per cent to 5 per cent to the investor and at the present time are good and safe.

Real Estate Securities.—Contrary to the general opinion, real estate, improved or unimproved, is often a poor investment. Improved property, subject to taxes, depreciation, repairs, insurance, etc., often disappoints the owner. Real estate bought to lease for others to build upon is a good, but necessarily limited form of investment. Farm lands in the middle west have made fortunes for many in the past ten years, but taken year in and year out they may be said to be only a fair investment. Farm mortgages are among the best investments for safety, convenience and rate of income of

any line offered the investor. Such investments should be passed upon by competent authority as to their legality, title to property covered, whether first or second mortgage, etc. Certain states have laws so framed that foreclosure is difficult and designed to protect the debtor. Loans in such states should be avoided except under exceptional conditions.

Building and Loan Associations.—Speaking from wide experience in investments, David R. Forgan says:

"One of the worst forms of investment in real estate, in my opinion, is building and loan associations. They are gotten up in most attractive form to catch the month's savings of thrifty people with moderate incomes. I know there are some of these in the older parts of the country that are apparently successful, but my experience of them in the west leads me to consider them as a whole almost the easiest concerns to get your money into and the hardest to get it out that I know. Their plan seems so simple that anyone can understand them; nevertheless one of my friends in Chicago, who is a thorough accountant, lost the savings of years in a building and loan association of which he himself was the annual auditor."

Corporation Bonds.—Bonds of corporations, as well as other securities should be purchased only after their safety has been assured by actual experience. The first issue, particularly of railroad bonds, is liable to contain some "water," for which the immediate investor will have to pay. Money should not be invested in bonds of any enterprise, as those operating public utilities, until the company is actually earning money to an amount not less than twice that required to pay the interest on its bonds. The reason for this is that the risk of financing an enterprise lies with the buyers of bonds. In case of success get but 5 per cent per annum, if a failure they are the only losers.

Stocks.—There are two main differences between bonds and stocks: (1) Bonds are a lien upon property of some kind, while stocks frequently represent nothing tangible other than earning capacity, good will and hope of the future; (2) bonds bear a promise to pay both principal and interest, enforceable at law, while a stock

promises nothing, the stockholder becoming a part of the company. This is often an advantage, particularly to a young business man, giving him a chance as a stockholder to see the actual workings of a company, identify himself with it and be eligible to hold office. This is of particular value in a small town, as it often identifies a man in a business way, strengthens his credit and gains favors that would not otherwise be extended.

Wildcat Investments.—A large class of so-called investments are constantly being offered the public, such as mining stocks, oil stocks, plantation stocks, etc. Some of these are actual frauds, some partially fraudulent, and all are risky. They are often promoted by men having no means of their own and even if successful are so managed as to give those on the inside the profits. As a general rule rates of interest greater than 6 per cent or 7 per cent involve risks putting the investor in the speculator class.

SHORTHAND

The term stenography is often given to shorthand, being used synonymous with it, John Willis in 1602 publishing a treatise entitled, "The Art of Stenography." Phonography, tachygraphy and many other names have been or now are designations of this art.

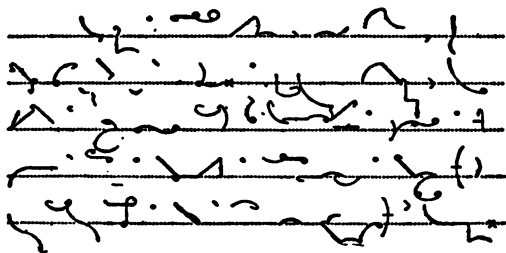
There are numerous systems of shorthand, probably upwards of two hundred, but not more than ten of practical importance. The Pitmanic systems are the ones most used, others not having the following of these systems. There are three editions of the shorthand of Isaac Pitman, differing only in minor characteristics. This system is used extensively in England and to some extent in the United States. The Benn Pitman and the Graham system are both extensively used, and are very closely related, Graham using more devices for increasing speed than Pitman. The Munson system is used by a large number of shorthand writers.

The systems not Pitmanic vary from each other as well as from Pitman writing. The letters of the Cross Electric alphabet upon the form of an ellipse and there

are five positions instead of three. The Gregg system is written on the slope of longhand, has no position, and joins vowels and consonants.

The speed at which shorthand can be written is a much discussed subject. The ordinary public speaker uses 130 to 180 words per minute, and 200 words per minute is very fast writing and can be reached by few writers for any length of time. Commercial speed ranges from 80 to 100 words per minute. Few dictate 120 words per minute.

The following cut gives, in the Benn Pitman system as in common use in the United States, a specimen of shorthand writing. The Graham system—most used by court reporters—is very similar to that of Benn Pitman, but uses contractions and other expedients to a greater extent.



Transcript of the above notes:

"For the third time the Congress of the United States are assembled to commemorate the life and the death of a president slain by the hand of an assassin. The attention of the future historian will be attracted to the features which reappear with startling sameness in all three of these awful crimes; the uselessness, the utter lack of consequence of the act; the obscurity, the insignificance of the criminal; the blamelessness—so far as in our sphere of existence the best of men may be held blameless—of the victim."

MAIL ORDER BUSINESS

There are two main divisions in the mail order business; first, as carried on by a small dealer giving it his whole attention; second, as transacted by an established house, either as side issue to assist the traveling sales department, or as in case of Montgomery Ward & Co. and other catalogue houses, as a sole business.

The underlying principles of the business are the same in all cases, differing only in application. The requisites for a successful start may be briefly outlined and if conscientiously followed out will bring a degree of success depending only upon the extent of the field and the closeness of the application of the promoter.

Qualifications Necessary.—First, brain is of importance. The average beginner should employ the best brain talent procurable, some one else's if not his own. For the building of a permanent business, honesty must be an asset as well as brain power. Houses now in the field to stay are noted for the honesty with which they treat all dealing with them. Sales over the counter may be made on account of the locality of the store, even though the goods are not up to standard and the proprietor considered tricky, but a customer who has been victimized by mail can never be depended on for another order.

The smaller mail order journals and a certain class of jobbers as well as some mail order writers hold forth a glowing future for an inexperienced man starting in the business with small capital—as one writer terms it, “a man or woman of average intelligence, with a capital of fifty dollars in cash, no experience, and no influential friends, can start in business and spell success in capitals at the end of one year's labor.” Where one such venture launched at an opportune time by someone peculiarly fitted to the business, comes to success, fifty fail for lack of capital and as many more yield indifferent results. Says W. B. Powell on this subject: “You cannot get rich on a three-line ad in a mail order paper filled with advertising that makes yours look like thirty cents. The mail order business has gotten down to hard-pan basis. You have to have a

good article and considerable capital back of you, business sense, and a tenacity of purpose that will not falter within two or three years. You cannot get rich quick on two or three hundred dollars. If you could, there wouldn't be white paper enough to print the ads offered the mail order publications." A beginner should have sufficient capital—actual money in the bank—and a reasonable credit to tide him over in case he needs money temporarily.

Adaptability, as in other lines of business, is a prime requisite. A business suited to one's taste is bound to be a success eventually, and if not suited to it and the promoter cannot adapt himself to its manifold requirements, he should lose no time in changing to one in which he can put forth his full energies.

System.—The advantage of system in the mail order business is fully set forth by Sydney A. Hale, who says: "You must have system in your business, and the best is none too good. In no other business is the routine and detail so great; in no other business is a most accurate and most minute record of every transaction so essential; in no other business is a handy record so necessary. A good system is not necessarily an involved one; on the contrary, inasmuch as system consists in the elimination of labor, time and useless detail, the simplest system is the nearest approach to perfection. It is the writer's experience that no one stock system can ever prove adequate—only a system devised essentially and especially to fill your own particular needs. Whether it fills anybody else's need is not your care; unless it can fill your own needs it should be abandoned. A successful system must always be easy of access; it must be accurate; it must be complete. Money invested in perfecting a system is money saved. Don't try to start business or life without them. It is the man that has a system in both life and business that wins the battles."

Advertising.—The vital part of a mail order business once started is the advertising. Proper mediums must be used, the ads must be well worded, displayed, and placed; advertising effort must be continuous.

Promptness in Delivery.—Goods advertised should

be forwarded the buyer as soon as possible; there should be no waiting on account goods being out of stock or not yet delivered from the manufacturer.

Neatness.—Many beginners and even some established firms underrate neatness in putting out goods. Goods neatly labeled, mailed in a compact package carefully done up, appeal to the recipient at once.

Originality.—Originality in business methods and personality in conducting a business are always at a premium, and will go a long way toward bringing success in selling by mail.

FIRE INSURANCE ADJUSTMENTS

In Case of Loss.—The ordinary business does not suffer from loss by fire more than once or twice in a lifetime. When a loss comes, he should be prepared to see that he obtains every cent rightfully due him. While it is an acknowledged fact that more losses are overpaid than underpaid, in case of a small loss it is probably as satisfactory a way to trust entirely to the fairness of the adjuster. In case of a large or total loss, if the insured shows that he fully comprehends how the amount of his loss is being determined, he will not fail to receive better consideration at the hands of the company's representative. If not satisfied with a loss, as adjusted, it is best to let it go to arbitration.

Rules for Determining Property Loss.—The following rules and formulas are those used by adjusters in ascertaining the extent of a loss on stocks or personal property, and show the methods adopted by them in such cases. There is nothing new about them, and they are perfectly familiar to everybody, and are to be found in any arithmetic used in the common schools in our land. Every school boy has learned them, but their application to the adjustment of losses may be something that those who may not have had experience in this particular line of business will find of assistance. It should be remembered that cost to the assured is the basis of the loss sustained, but not necessarily the measure of the damage or loss; this may be more or less according to the circumstances surrounding each

case, and is undoubtedly affected by depreciation or increased value.

Value of Property.—The question of values was formerly one that perplexed even the most expert adjusters, and many complications have, in former years, arisen because of the difference of opinions relative to the value of merchandise in various or different hands; but for many years the rule has prevailed, and common custom may be said to have regulated this matter, until at the present time it is generally conceded by all that the question of value depends materially and almost entirely upon the business of the party in whose possession the merchandise is found. The insurance contract contemplates only indemnifying a party in case of fire against absolute loss, and the cost to him is the basis of the estimate of the loss. In the case of a manufacturer the basis of the estimate would be the cost of production. If the merchandise is in the hands of a wholesale dealer, then the basis of the estimate would be the price paid the manufacturer. If the merchandise is in the hands of a retail dealer then the value would be increased, and the basis of the estimate would be the price paid the wholesale dealer. The same merchandise in the hands of the consumer would be enhanced in value, and the basis of the estimate would be the retail dealer's price.

It will therefore be observed that the same merchandise in various hands has different values, and in dealing with the various losses that it may have four values, according to the business the party is engaged in who has sustained a loss, viz.: manufacturers, wholesale dealers, retail dealers and consumers.

Definition of Terms.—The following terms are used in adjustment calculations and are here defined for easy reference:

gross cost. The entire cost of merchandise, including all expenses, etc.

net cost. The entire cost of merchandise after all deductions are made.

gross purchases. The amount of merchandise purchased at gross cost.

net purchases. The amount of merchandise purchased excluding freights, etc.

gross stock. The amount of merchandise on hand, valued at gross cost.

net stock. The amount of merchandise on hand, valued at net cost.

gross sales. The amount of merchandise sold.

gross inventory. The amount of merchandise invoiced at gross cost.

net inventory. The amount of merchandise invoiced at net cost.

expense account. All expenditures incident to the business.

gross profit. The entire excess of pecuniary value received from the sale of merchandise, over its cost.

net profit. The excess of pecuniary value received from the sale of merchandise over its cost, less all expenditures.

loss. The difference between the gross cost and the prices received.

Purchases, less net sales, are equal to the stock on hand.

Purchases, less stock on hand, are equal to the net sales.

Purchases, less present inventory, added to the gross profit, are equal to the gross sales.

Net sales, and stock on hand, are equal to the amount of net purchases.

Net sales, added to the gross profit, are equal to the amount of gross sales.

Gross sales, less gross profit, are equal to the amount of net sales.

Gross sales, less gross profit, added to present inventory, are equal to the amount of purchases.

To Ascertain Cost.—When the amount of gross sales and rate per cent of gross profit are given, then to ascertain cost:

Rule.—Divide the amount of sales by 1 (one dollar), plus the rate per cent of profit, and the quotient will be the net cost (this is simply the old rule to ascertain present value); or the same result may be obtained by dividing the amount of sales by the aliquot part of one

hundred representing the per cent of profit, and the quotient will be the net cost. If the goods are sold at a loss, then to ascertain cost, divide the amount of sales by 1 (one dollar), less the per cent of loss, and the quotient will be the net cost; or from gross sales, deduct gross profits and the remainder will be the net cost.

To Ascertain Purchases.—When the amount of gross sales, rate per cent of gross profit, and net inventory are given, to ascertain amount of purchases:

Rule.—Divide the amount of sales by 1 (one dollar), plus the rate per cent of profit, and the quotient will be the amount of net sales (this is the old rule for ascertaining present value). Add net sales to the inventory, and the sum will be net purchases.

To Ascertain Stock.—When the amount of gross sales, net purchases, and rate per cent of profit are given, then to ascertain the amount of stock on hand:

Rule.—Divide the amount of sales by 1 (one dollar), plus the rate per cent of profit, and the quotient will be the net sales. Now, subtract the amount of net sales from the net purchases, and the remainder will be net stock.

To Ascertain Present Value.—When the gross amount of sales and per cent of profit are given, then to ascertain net sales or present value:

Rule.—Divide the value stated by 1 (one dollar), plus the rate per cent of profit, and the quotient will be present value or the net amount of sales.

Note.—You can never arrive at the correct present value or the amount of net sales by multiplying the gross sales by the rate per cent of profit, and deducting this product from gross sales.

To Ascertain Sales.—When net purchases, rate per cent of gross profit, and net inventory are given, to ascertain gross sales:

Rule.—From purchases deduct inventory, the difference will be net sales. Multiply net sales by the rate per cent of profit, the product will be profit in dollars and cents, which added to net sales, will give the gross sales.

To Ascertain Per Cent of Profit or Loss.—Given, the gain or loss, to find the per cent:

Rule.—Take the difference between the net cost and the amount received from the sales, and divide by the gross cost, and the quotient will denote per cent of profit or loss. This is the old rule of dividing the gain or loss by the number on which the per cent is reckoned to ascertain the per cent of profit or loss.

To Ascertain Profit or Loss in Dollars and Cents.—Given the cost and per cent of profit or loss:

Rule.—Multiply cost by per cent of profit or loss, and the product will be profit or loss. Also find difference between net cost and amount received from sale of merchandise.

To Ascertain Per Cent of Profit.—When net sales and gross profit are given:

Rule.—Divide the amount of profit by the amount of sales, and the quotient will be per cent of profit. (This is the old rule of dividing the gain or loss by the number on which per cent is received to find the per cent of gain or loss.)

To Ascertain Profit in Dollars and Cents.—When the amount of net sales and per cent of profit are given:

Rule.—Multiply net sales by per cent of profit, and the product will be profit. Also subtract net sales from gross sales.

To Ascertain Per Cent of Profit.—When net purchases, gross sales, and inventory are given, to ascertain per cent of profit:

Rule.—Deduct purchases from inventory, and the difference will be net sales. Subtract net sales from gross sales, and the remainder will be gross profit. Divide gross profit by net sales, and the quotient will be rate per cent of profit.

To Ascertain Per Cent or Proportion of Loss.—When the total loss, total insurance, and amount of each policy are given:

Rule.—Divide total loss by total insurance, and the quotient will be the per cent or proportion of loss, then multiply particular insurance by per cent of loss, and the product will be particular loss; or, to use the Rules

of Proportion, the formula would be: as the entire insurance is to the entire loss, so is each policy to its proportion of the loss.

To Ascertain Per Cent or Proportion of Salvage.—When total salvage, total insurance, and amount of each policy are given:

Rule.—Divide the total salvage by the total insurance, and the quotient will be the per cent of salvage. Multiply particular insurance by per cent of salvage, and the product will be particular salvage: or to use the Rules of Proportion, the formula would be: as the total insurance is to the total salvage, so is each policy to its proportion of salvage.

Rules for Ascertaining Amount of Loss.—There are several methods adopted by adjusters to ascertain the amount of loss on stocks of merchandise, the general principles involved in all are similar, although the means adopted to arrive at the result differ in some respects. Those in general use are given herewith:

FIRST METHOD.

1. From inventory or statement of stock on hand at given date, deduct items not stock; also, items not covered by the policy.

2. From remainder, deduct any charges included for expenses, freight and drayage, and the remainder will be net inventory or stock.

3. To net inventory or stock, add purchases from time the inventory was taken to date of fire, and the sum will be total net stock.

4. From total net stock deduct net sales, and the remainder will be the amount of stock on hand at the time of the fire.

5. From stock on hand, deduct cost value of merchandise saved in sound and damaged condition, and the remainder will be net merchandise loss.

6. From merchandise loss deduct value of commission goods.

7. From merchandise loss deduct discount on time purchases to find cash cost.

8. From cash cost deduct for depreciation and waste, to find present value.

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9. To present value add freight and expense on net loss, to give gross values.

10. To gross values, add damage allowed on merchandise saved, and result will be the amount of the loss.

Note.—Exclude freight on purchases, sales and salvages, and when you have ascertained actual cost, at first hands of amount destroyed, add freight. This places assured, as nearly as possible, as he stood previous to the fire.

SECOND METHOD.

The following may, perhaps, be regarded as a more concise method, and one easier understood:

First. From inventory, or statement of stock on hand at a given date, deduct items not stock; also, items not covered by the policy.

Second. From remainder, deduct all items included for freight and other expenses, and the remainder will be net inventory or stock.

Third. To net inventory, or stock, add net purchases from time the inventory was taken to date of fire, and the sum will be the total net stock.

From total net stock deduct the following:

1. Gross sales, less profit agreed upon.
2. Net value of merchandise saved in a sound or damaged condition.
3. Depreciation in values.
4. Discounts allowed for cash, on time purchases.
5. Value of commission goods.

Then to the remainder, add freight and expenses, as well as the damages allowed on goods saved, and the result will be the amount of the loss.

THIRD METHOD.

First. Take amount of net inventory, or statement of stock on hand, at a given time.

Second. To this, add the amount of purchases from date of inventory to time of fire. The sum thus obtained will be the amount of stock.

Third. Deduct from the total amount of stock, cash and credit sales from date of inventory to time of fire,

less the estimated profits, and the result will be the stock on hand at time of fire. From this should be deducted the depreciation in value agreed upon for stock shopworn, out of date, etc.; also, value of merchandise used in or by assured's family or other parties, and not charged in account, and value of stock saved in good order, as per inventory taken since the fire, and the value of stock saved in a damaged condition, estimated by appraisers as sound; also, all commission goods, and the result thus obtained will be the net amount of the loss.

ADJUSTMENT FORMULAS, RETAIL STOCKS IN COUNTRY STORES, ETC.

Adjusters frequently are required to use their inventive faculties, in ascertaining the loss in country stores, when, after a fire, it is found that all books, papers, invoices, etc., have been destroyed. In such cases the following formula will be of assistance:

FIRST METHOD.

DEBITS.

Capital invested.....	\$ _____
Present indebtedness.....	_____
Ascertained gross profits.....	_____

CREDITS.

Cash on hand at time of fire....	\$ _____
Investments other than merchandise	_____
Expenses paid.....	_____
Bills and accounts receivable...	_____
Total	\$ _____

The balance between the accounts gives the amount of merchandise on hand at the time of the fire, from which the value of the goods saved should be deducted to ascertain the amount of the loss.

SECOND METHOD.

DEBITS.

Total purchases, per Invoice.....	\$ _____
Produce, etc., per ledger accounts.....	_____
Cash purchases agreed upon (no vouchers)	_____

CREDITS.

Total debits as above.....	\$	_____
Less capital invested.....	\$	_____
Less present indebtedness.....		_____

The remainder represents cash from sales applied to purchases; to this add:

Investments	\$	_____
Expenses		_____
Cash on hand.....		_____
Bills receivable.....		_____
Book accounts receivable.....		_____

The sum of these credits will represent the cash sales, which are reduced by the per cent of profit to cost basis in the usual manner, and the stock on hand at time of fire is readily ascertained.

COSTS

Cost of Production.—Whether taken as a phase of industrial engineering or accounting, the determination of the cost of a manufactured product is of great importance. The time was when prices were set by guesswork or what seemed to be the price yielding a fair profit, but that time is now past. While the selling cost is dependent upon the demand and supply, the manufacturer, not being able to regulate or forecast what the probable demand will be, must know what the cost of his product is to him, that he may not be drawn into running his plant at a loss.

Outline of the Subject.—In the simplest form of manufacture labor and material are the two prime factors of cost. When manufacture becomes more complicated, as in the case of a machine-shop putting out engines, boilers, etc., in order to obtain the factors making up the selling price, divisions and subdivisions must be made until the prime factors are reached. For such a plant as mentioned, the following would be an outline:

SELLING PRICE.**Cost.— I. Prime Cost.**

1. Labor in (a) Machine Shop; (b) Foundry; (c) Drawing Room.
2. Material.

II. Fixed Charges.

1. Insurance.
2. Depreciation.
3. Indirect (Non-productive) Labor.
4. Repairs.

III. Selling Expense.

1. Office.
2. Salesmen.
3. Traveling.
4. Advertising.
5. Estimating.
 - (a) General.
 - (b) Drawing Room.

Profit.—

Selling Price.—Referring to the foregoing outline it will be seen that the selling price is made up of two main elements, (1) Cost (to make and sell—sometimes called factory cost) and profit. The selling price is not fixed by cost, but by demand and supply. No matter how cheaply a product may be made, if there is no demand it can not find a sale. If producing cost is so high as to be nearly prohibitive, the demand must be strong enough to pay the necessary price. This condition is often obscured by the fact that many manufacturers regulate their prices by those of their competitors.

Cost.—By cost, as used above, is meant all those expenses necessary to complete the product and place it on the market—in other words—selling price less profit.

Prime Cost.—The material cost and labor cost of producing an article by manufacture is prime cost.

Labor.—The labor entering into prime cost, is direct labor, that is, the worker actually produces or aids in the production of the thing made. Direct labor is synonymous with non-productive labor.

Material.—That which is used in the manufacture of an industrial product is termed material.

Fixed Charges.—This term is a general one, comprehending those elements entering into cost which are an expense and yet not directly chargeable through the process of manufacture to the finished product. These as given are: (1) Insurance; (2) depreciation; (3) indirect labor; (4) repairs.

Insurance.—Expense for indemnity against loss of any kind is comprehended in the term insurance. The most common form is insurance against fire, but almost any possible contingency may be insured against.

Depreciation.—Depreciation is a lessening in value from age and contributory causes. Buildings, machinery, etc., used in any process lose in value by wear, use, introduction of new processes, and many other causes. Only the land on which a factory stands commonly appreciates in value, and such appreciation is commonly not reckoned in cost computations.

Indirect Labor.—Labor which is necessary to make direct labor effective, though not of itself producing anything, or which is necessary as an adjunct to direct labor is termed indirect labor.

Repairs.—Various operations become necessary to restore worn, depreciated, or damaged machines, fixtures or buildings, such labor or material used being known as repairs and being a part of fixed charges.

Selling Expense.—If a product were salable at the factory door, no allowance would need to be made for expenses necessary to make a sale. Modern commercial methods necessitate the maintenance of an office or often a series of offices to arrange, catalogue, and otherwise prepare for and assist in the sale of the product of the factory or works. Salesmen must be employed to dispose of the output, traveling expense must be allowed them and others attending to necessary business, and various charges must be met for advertising.

Estimates.—Estimates fall under two heads: (1) General, as those drawn up for a concern not requiring special machines; (2) drawing room, as those requiring the special work of designers and draftsmen. If expensive drafts and patterns are made for use in the

production of one machine and are actually used in its manufacture, this machine bears the expense of the patterns made, providing they are of no further use. If they may be of use in future work, they may be figured as investment. If drawn up to further a sale and not used, selling expense is charged.

Profit.—From a technical standpoint, profit is not a part of production cost. The manufacturer adds to the cost to him such per cent as is possible for him to secure, this giving the selling price or cost to consumer.

Time-recording.—There are many methods of recording the time of employees, the most common being the use of some form of mechanical device imprinting on an individual time-card the time of coming and going. From these the time book or pay roll is made up.

Record of Time on Piecework.—To apportion correctly the time spent on each piece of work, the employé is provided with a card on which he notes the time of beginning and finishing, this time being charged against the particular job on which he was at work.

Analysis of Wages.—The individual time cards being turned in and charged against the proper jobs, the total of these cards will agree with the amount of weekly wages paid and will serve as an exact guide to the amount of work required upon all similar processes. This record can be as minute as desired, embodying a record for each separate process, branch of manufacture, works order or stock number to which the items may be charged, cross columns indicating the different classes or even individual workmen employed.

Stores.—There should be a system for the accurate recording of all transactions affecting stores. In a factory having several sections or branches each having a separate stores department a requisition should issue from the head of each department to the head office for such stores as will probably be necessary in the course of manufacture. The requisition should show: (1) Description of material or article; (2) quantity; (3) use designed for; (4) time required; (5) last supply furnished ———; (6) by whom supplied; (7) remarks.

If cost accounts are kept for each works, separate

invoices should be required for each division, but one is necessary where the account is kept at the head office.

Issue of Stores.—Duplicate orders consecutively numbered and made out by the foreman or manager of the department requiring stores are required before such stores are issued. When issued, the issue is verified by the signature of the one ordering the goods. An exact record of stores on hand should be kept at all times or made up for reports at a specified time. A periodical analysis covering the same time as the wage analysis should be prepared, unless the requisitions themselves are turned over to the head office for the finding of prime cost data.

Work Orders and Stock Orders.—In large manufacturing plants no general expenditure of above a certain sum, as \$100, should be made without the authority of the manager to be evidenced by a work order bearing an estimate and authorization.

In factories manufacturing such articles as carriages, furniture or similar smaller articles for stock, a stock order should be issued for the making, to determine the cost of the article or articles manufactured and all expenditures should be charged against this stock order number.

In continuous process factories as a sugar factory, an arbitrary subdivision is generally made and charges made against such subdivision.

Disposition of Scrap.—To obtain a fair price at which scrap is to be rated, a standard should be fixed for usual classes of material and changed only to conform to market values.

Fuel.—Where coal or other fuel is bought in bulk a record showing how it is distributed is kept and the proper charge made against each division of the factory.

Systems in Use.—There are a large variety of systems of finding and recording costs in use, simple or complex, depending upon the size of the factory or works and complexity of the process employed. The finding of costs is not an exact science, as it depends for a part of its data upon inexact information, while

accounting authorities differ as to the correct disposal of many charges and credits. Every manufacturer should consider some system essential to a correct administration of affairs.

WINDOW DRESSING

The fact that the sale of merchandise is furthered by a display of some sort or other has always been recognized, but the application of art to window dressing and the recognition of this work as governed by the rules of publicity and design is comparatively recent. In 1890 there were but twelve professional window dressers in the United States, while there are now probably twelve hundred, besides thousands of clerks and proprietors who spend a portion of their time getting up a window display.

The Window.—To permit of dressing to advantage the window should be large and have a base which extends some distance back in the store and should be set off from the store by a background, to concentrate the attention of the passers-by on the window and not distract them by anything beyond.

Background.—In dressing a window the first thing to be planned is the background, which must be in keeping with the display, bringing it out and emphasizing the parts of which it is made up. The test of a background is, "Does it bring out the articles shown in strong relief, and harmonize with them in tone?" A background may harmonize with a display either by *blend* or *contrast*, the former being the more pleasing, the latter, however, having the advantage of being more noticeable and hence more likely to attract attention. The harmonious effect of a display is the same as in a painting and should be governed by the same rules. Displays of velvets, plushes, rugs, etc., naturally take to harmony by blend, while a display calling for observance of detail would call for harmony by contrast. A background when properly managed does not detract attention from the goods displayed, but directs attention to them, which is the result aimed at.

Light.—It is impossible to overestimate the importance of proper lighting in window displays. No mat-

ter how careful the arrangement or harmonious the coloring, the work of the dresser is wasted, unless properly lighted. An ordinary gas light in the center of a window is bad, as it intervenes between the eye and the objects shown, dazzling rather than illuminating.

All properly constructed windows have a group of several burners at the top and in front of the window, with a large reflector so arranged as to throw the rays of light backward and downward and concentrate them upon the display. No other arrangement of light is equally satisfactory.

At night the window shades should be drawn to a point within about four feet of the bottom of the windows, so that the only light that can be seen is reflected light. This makes the upper part of the window very dark and intensifies the light at the lower part, giving a more brilliant display.

Colors Affected by Light.—The effect of the light used in a window—whether gas, electricity, kerosene, etc.—on colors should be carefully noted and observed. For instance, gas light will rob certain colors, as purple, lilac, dark blue, violet, and green, of their brilliancy. Displays having a harmonious color effect in the daytime may look garish and flashy by artificial light.

Color Blending.—Color is by far the most obvious means for attracting the eye, and the window dressed in colors secures the attention of the passer-by at once, far more readily than any mere ingenious arrangement in which color is absent. Good color effects are difficult to obtain where goods of a variety of colors are used, and good taste seems to prefer the use of but two or three colors complimentary to each other, and as a rule grouped in large masses.

Where the primary purpose is to display as many goods as possible without much regard for color-effect or harmonious agreement, it is advantageous to dress the window close up to the front, and fill it full enough to entirely cover the space. Where color and form are to be considered, fewer articles may be used; they may be more widely spaced, and should be placed further back.

Loose plush coverings of a color to harmonize with the general color scheme are often used for the bottom of windows. This permits drapery over small boxes or stands, the elevations and waved lines so produced adding greatly to the effect of the goods displayed.

Objects of Window-Dressing.—A window should be decorated keeping in mind three principal objects: First, to serve as an index to the class of goods kept in the store; second, to attract the attention of people to the store; third, to show goods which will excite in the people the desire of possession—these rules being in fact similar to the rules governing all publicity.

Special Features.—Besides the conventional dressing usually given a window, showing goods carried by the store making the display, special features are often resorted to, sometimes bearing some relation to the stock, and sometimes not. It seems to be an axiom with window dressers that something moving will attract a crowd and this idea is carried out by means of animals, mechanical toys or effects, persons performing some operation or process, etc. Particularly good special features, as now used, are: A typewriter working automatically, the keys being depressed by means of an electrical connection; an exhibition of oriental rug weaving by a native in costume; an automatic candy-pulling machine, and others along the same line, particularly when directly advertising the thing to be sold. Whether incomprehensibility, when resorted to, aids or detracts from a display, is a mooted point among authorities. A cage of monkeys in the window of a hardware store might draw a large crowd, but whether it would aid trade appreciably in the long run is open to discussion.

Distinctive Displays.—One phase of special features given more attention than formerly is in the matter of having displays distinctive. The blue penciled cards of Tom Murray, marking every window display of his store, have become classic in advertising circles. A Madison street clothier letters a daily talk on his windows, both the language and the lettering being characteristic.

Appropriateness of Displays.—To secure the best possible results the trimmer should constantly keep in mind the appropriateness of his daily display to the public. The class of people passing daily, the probability of drawing others by his store to view his display, the need of novelty, change and distinctive touch in his word, and an observance of the rules of art as well as the well-known rules of advertising will all aid in augmenting the returns from his displays.

SIGNS

The use of signs to call attention to or designate a business, forms an important portion of publicity. There are two classes of signs—permanent signs, as a firm name placed over a door or on a building, and temporary signs, as one noting the fact that a place has changed hands.

Requisites of a Good Sign.—There are three primary requisites of a good sign. First, a sign should not be overcrowded with words, but should be as concise and comprehensive as the nature of the case will allow. Many signs are stultified by this fact alone, as people have neither the time nor the inclination to stop to read a sign having too much matter upon it. Second, the letters themselves should not be crowded. Third, the letters used should be of such a character as to be easily read by anyone.

Permanent Signs.—The sign bearing the firm name or an equivalent is of primary importance and calls for a suitable location and easily read lettering. A common form of this sign is a board sign over an entrance, the lettering being in Roman caps, the letters gilded or silvered and having an iridescent background, made by sifting on sand or ground glass while the paint is fresh. Projecting signs extending perpendicularly from a building and extending over the sidewalk are very effective. Such signs usually bear letters in relief and often are illuminated.

Signs are illuminated in various ways. A simple and at the same time effective way is by having a row of electric lights so disposed along the upper edge of a sign as to illuminate the entire sign by means of a

box reflector. The most common and probably the most effective illuminated sign is the sign bearing electric lights—either continuous or intermittent—upon the face of the letters. A sign projected several inches from the face of a building and having small holes bored close together around the outline of the letters may be illuminated by means of incandescent lights between it and the building.

Window Signs.—A form of sign in common use in windows is made by lettering in gold or silver the wording or design on the inside of the glass, the design being well backed with varnish to insure permanency. Metal letters make very serviceable signs. These may be classified into two divisions, those fixed outside a window or sign, and those fixed inside, or concave and convex. Solid copper and brass letters have been much used for outside application and are of good appearance, but possess the drawback of requiring daily cleaning. Concave letters are generally of stamped copper with the inside face gilded and fixed against the inside of the window. It is usual to outline in black the letters on the window a trifle larger than metal. When the paint dries the lip of the metal letter is cemented over the painted one on the window, the face side then showing a black outline with a concave gilded letter. White enamel letters are very serviceable and require little attention, being fixed to the outside of the glass.

Relief Signs.—Large wooden letters are often braced from the tops of buildings so as to stand out in relief against the sky. They are of simple construction and often eight to ten feet in height, though appearing much smaller from the ground. They stand perpendicularly from the edge of the roof and are braced and wired to stand the most violent storm. A thin sheet metal letter is often used displayed upon a screen for a relief sign. Large signs, readable a great distance away, are fastened to a large gas pipe frame and are a very striking form of advertisement.

Temporary Signs.—Included in this class are all signs designed to be used for a limited time. They are made in almost endless variety, both in the window to call attention to or aid in the display, or, inside the

store to emphasize the policy of the firm or to call attention to the goods. These may be made distinctive and the best advertising, as already mentioned under window dressing. Price tickets are used by all the popular stores and by many catering only to the exclusive.

Outside temporary signs, usually used in noting closing-out sales, removals, auctions, etc., are usually of stout cotton cloth stretched across the entire front of the store, though enameled oil cloth or even Manila pattern paper is used.

A form of temporary sign only within the reach of the largest dealers and then only at certain times, is obtained by the use of dead-wall space, during building operations, the cost of such displays amounting to several thousand dollars per sign.

Quality of Signs.—In having a sign made the merchant should secure the best possible materials to economize in wear and repairs, a competent workman to produce an artistic sign, and should study to have his sign characteristic of his business and in keeping with it. So made and displayed with judgment a sign will be found one of the best means of securing publicity.

ADVERTISING

The importance of advertising for every class of business needs no extended argument. Advertising matter occupies relatively the same place in business economy as a sales force, the purpose of both being to make a sale. A direct sale is one coming directly from an advertisement, as an order for a book from one who has seen the advertisement in a paper, or indirect, as a sale made of a proprietary article because of advertising displayed on a billboard, so creating a demand for the article or turning a demand already created toward it.

Mediums.—The character of advertising varies with the article offered for sale, and such medium is used as will, in the judgment of the advertiser, produce results.

General advertising is conducted through a variety of publications, street-cars, billboards, etc., with the

idea of creating a call for the advertised article from the various dealers throughout the territory covered.

Local advertising is conducted through the newspapers, assisted by street-car and billboard advertisements, and often supplemented by the distribution of circulars or the mailing of letters to buyers in a limited territory.

Mail order advertising originally was conducted in a class of publications known as "mail-order monthlies," as those published in Augusta, Maine,—papers designated to circulate in the rural districts, cheaply compiled and printed, and sold at a low subscription price. These papers still have a large circulation and are used for mail-order advertising; but practically all the high-class publications, particularly those of a general nature, carry a large percentage of ads now classed as mail-order advertising.

Kinds of Ads.—Advertisements may have numerous classifications as to form, from the announcement ad affected by many clothiers, to the blanket ad of the department stores. A common and increasing class of ads may be embraced in the term "freak ads." Nearly every manufacturer and promoter puts a freak ad on the market at one time or the other, some being unqualified successes. The present fashion in this class of ads is to leave the reader in doubt as to part of the wording, which is afterwards supplied. A familiar ad of this class was the one asking "What did the Woggle-bug say?" displayed in the newspapers and on billboards, and after a week's time being merged into a newspaper and book advertisement.

Object of an Ad.—The real object of all advertising is to sell. No matter what other virtues an ad may have, if it does not sell goods—sell enough to make it profitable—it is a failure. Attention attracted is of value, but attention to the point of buying is the only thing that counts.

Results.—The results of mail order advertising may be shown by keying ads, there being several methods. Some firms use, "Dept. A" for one periodical, "Dept. B" for another, and so on. Others change the firm name, or a portion of it, as "Chas. A. Ransom," "Chas. B.

Ransom," etc. A common key is a variation of the street number, building number, building name, etc. Ads occupying a page—and sometimes a smaller space—often bear a tag to be filled out and forwarded. These bear a key-word or number and are an exact index to the pulling power of a medium. Many concerns request inquirers to ask for a special folder, booklet or catalog and judge of the value of a medium by the replies containing that particular request.

To judge exactly of the value of general or local advertising is not an easy matter. A method to be recommended is as follows: Take two equally good values—give them the same space in each of the daily papers. Have both ads written up in the same vein—have both illustrated with the article advertised, and take very good care that both things advertised are of equal value. Then tabulate the results. Later on in the week advertise the same article in the two dailies, only transpose the ads. Tabulate the results and compare. Do the same with the weekly papers, and so determine the relative values of the different mediums.

Wording.—To write a good ad, say in brief what you have to sell and why people should buy it. Use concise wording, the language of the common people; let the words be short. Short words economize space, are easily understood and enforce and drive home the truths the writer wishes to convey.

Force should be combined with two other qualities, grace and versatility. The ad stands in the position of a salesman and should present the subject forcefully, easily, and in a manner peculiar to itself. In considering the choice of words, remember the methods used by the good salesman or the good business man and apply them.

Prices.—In general advertising, prices are of prime importance; in retail advertising, they are absolutely essential. The object of an advertisement being to sell goods, the advertisement must answer those questions liable to come into the mind of the reader, and the question of price is always an important one. First, give the introduction, so worded as to attract the attention, next the talk concerning the goods—concise and inter-

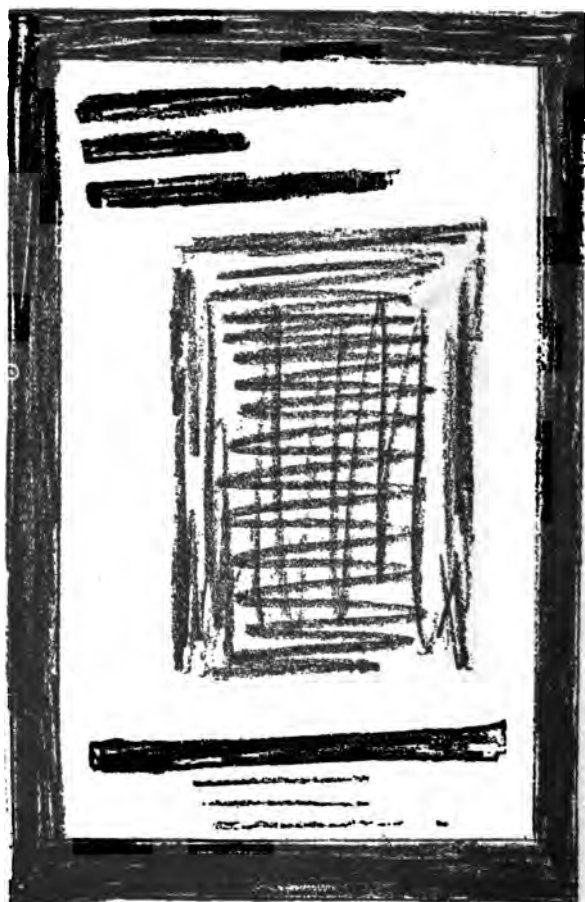
esting—and finally give the price in unmistakable terms. This does not apply to very high-priced goods, or goods intended only for exclusive trade. Such goods generally sell regardless of exact price.

Display.—An advertisement must be different and look different than other ads if it is to be fully effective. This is accomplished by a different display. By display is meant the arrangement of the type used so as to give prominence to certain parts of an ad. It is really the contrast between the dark and the light portions. When originating a poster or other work in which various colors may be used, contrast may be brought out by the use of different colors for different parts, as a catch-line in red and the body in dark blue. But the adwriter for newspaper work must limit himself to blacks and whites, and intermediate grays—and so distribute them as to produce an effective result.

Preparation of Advertising Copy.—The rough draft of an ad is usually laid out about three times larger than it is to appear in print. It is always well to make a penciled lay-out in the rough, conveying the general effect the ad is to have when complete. The illustration on page 98 shows a rough draft, the preliminary idea—the details being worked out later. The general scheme of this blocking out would be: First, heavy border separating the ad from the gray of the page, framing it away from adjoining matter; second, the heavy mass effect of the headline and footline; third, the gray of the body. To avoid an even effect and give a distinctive finish to the balance, the headline and body are not margined the same. There is plenty of white space to balance the heavy blacks of the border and head, and footlines.

Importance of the Rough Draft.—Even the most experienced advertising man will find the rough sketch of the utmost importance in giving him the idea of what is to follow. If this sketch is correctly laid out and balanced, the writing of the advertisement becomes a very simple matter, as it is easy to take up the ad, line by line and part by part, completing each in logical order so as to evolve a harmonious and effective whole.

Second Rough Draft.—In working out the details of



an ad the writer takes his first sketch, and duplicating the border on another sheet, fills in the display head and catch-lines in approximately the same size as the type to be used. This may be done roughly and if occasion demands, in rapid sketchy strokes, so as to be quickly completed. Accuracy of lettering or fineness of effect need not be especially sought after, as long as the lettering and writing is legible and the spelling, capitalization, and punctuation accurately and clearly indicated. Unimportant errors will be seen and corrected, either by the compositor in setting or the proof-reader in reading the ad.

In the lettered rough draft shown on page 100, representing the second stage in the writing of a railroad ad, the first three lines constituting the main catch-line are first drawn. The second catch-line, "South-western R. R.," will usually be a "stock" catch-line, that is a line used as a sort of trade mark, and varying only in size—never in lettering—on all the stationery and advertising matter of the road. If this is the case, it simplifies the writing that much, as it has only to be indicated and the cut supplied, besides it aids the writer in knowing how the display will look. The display type is lettered in, the body is proportioned as desired, the words are given plenty of room on the page and the ad is ready for the compositor.

Indicating Types to Be Used.—Whether or not to indicate the style of type and kind of border to be used depends upon circumstances. Usually—and particularly when indicated as in the lettered-in draft just mentioned—it is best to trust to the judgment of the compositor. Type-setters doing the composition on ads should be, and in the best offices are, men possessing considerable practical artistic ability as well as mechanical dexterity and have little or no need of any other information than shown by copy correctly blocked out. When copy is sent to an office where a firm has not done business or when an ad embodying any peculiar features is required, border and types might well be indicated. This is done by writing the name and size on the margin opposite the matter to be so set, and connecting the two by a line, as in proof-reading.

SHORTEST LINE— BEST TIME ^{TO} ST. LOUIS

*Our best train leaves
Chicago daily at 11⁰³ A.M.,
arrives St. Louis, 7³⁰. Other
trains at 3⁰⁵, and 9³⁰ P.M.*

*Vestibuled trains, easy riding
cars, courteous attendants—
all help to make a de-
lightful journey. .*

*Round trip rates, \$8.00,
good in chair cars only;
\$8.00, good on entire train.*

*Why not go this way:
TODAY?*

Southwestern R.R.

City Office: 11 Grand St.
Station 1 Center St.
Tel. Black 327.

Analysis of the Printed Advertisement.—The two points of display are the announcement of the "shortest line to St. Louis," and the title of the road. These are the two most important features and hence bear the largest display. Were but a casual glance to be given to the ad it would be enough to create the thought in the reader's mind, "The Southwestern Railroad is the shortest line to St. Louis."

The three paragraphs following are of nearly equal importance and bring out the following points: (1) Leaving time of various trains; (2) a pleasant time while riding because of completeness and fineness of the train; (3) rate for trip, reasonable enough to make the reader wish to go. These three paragraphs might be transposed and not lose their effect, the final paragraph, however, introducing the "personal element" or "direct appeal" to the reader, "Why not go this way, TO-DAY," should stand at or near the last, so as to leave the question with the one reading the ad. The location of the city office, station, and the telephone number of the ticket office fall naturally after the name of the road.

Stock Catch-Lines.—These have already been referred to in a preceding paragraph, and defined as a distinctive word or line always used to designate the firm name. It is safe to state that over 50 per cent of the larger firms doing business to-day make use of a distinctive device embodying the name of the firm, and sometimes the address. As a variant of this a pithy sentence or short motto is often used accompanying the name of the business. Railroads often use such a catch-line: "The Albert Lea Route;" "The Burlington Route;" "The Sunset Route," are examples. Often a part of a name is always displayed and made more important than the remainder. Thus the Consolidated Fire and Marine Insurance Company is one of a large number of fire and marine insurance companies doing business in the same field, hence the catch-line "CONSOLIDATED," is always displayed by them.

Distinctive Borders and Composition.—Some firms go further and have all ads set having a distinctive border adapted by them or even cut to their order and

SHORTEST LINE BEST TIME to ST. LOUIS

Our best train leaves
Chicago daily at 11.03 A.M.,
arrives St. Louis 7.30. Other
trains at 3.05 and 9.30 P. M.

Vestibuled trains, easy riding
cars, courteous attendants—
all help to make a delightful
journey.

Round trip rates \$6.00, good
in chair cars only; \$8.00
good on entire train.

Why not go this way today?

Southwestern R. R.

City Office, 11 Grand Street

Station, 1 Center Street

Telephone Black 327

copyrighted. This border may bear no relation whatever to the goods or product sold by the firm, being designed simply to attract by its artistic effect, and by continuous use be associated by the public with that particular firm using it. A better device if circumstances permit its use, is one representing the particular article the advertisement is exploiting; thus a firm advertising watches could use a border of watches, an ink manufacturer a border of ink-bottles, etc. It is common for regular advertisers to use ads always having the same general appearance owing to arrangement and typographical display. Uniformity of composition, if not insisted on to the point of sameness, is always good for continuous advertisers, particularly if an established house is advertising their customary line.

An example of a distinctive border is illustrated on page 104. The upper half represents the completed ad, the lower half the first rough sketch. The border is the outline of the distinctive design adopted by the advertising road and besides being of greater use in attracting immediate attention to the ad than a plain border, it is an extension of the use of the design adopted by the railroad for its catch-line, which consists of a black background the shape of this border and bearing in white letters the name of the system.

Selling Points.—The main point of display in this ad is the price, \$6 and \$8, the lower half (sketch only shown) being devoted to the strong points of this line over its competitors.

Pirating Distinctive Designs.—One of the annoyances to which a live adwriter or firm is subjected to, is the imitation of successful designs and schemes bearing the stamp of originality and distinctiveness. While there is often no recourse against such an act on the part of another advertiser, yet the spirit of fair play often acts as an offset to whatever is gained, as a reader will often reason that a firm which has no more originality than to copy another's design can not treat its customers better. When such imitation of a design, device or trade-mark comes under the head of unfair competition it may be stopped by legal proceedings.

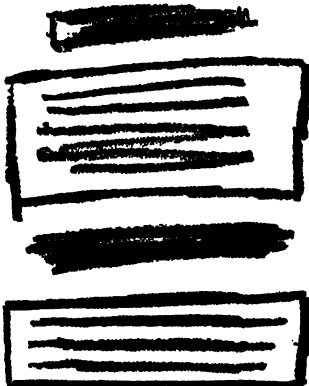
\$6 and \$8
TO
ST. LOUIS
and Return

\$6 tickets good in chair and club-room cars (no extra charge).

\$8 tickets honored in sleepers and parlor cars.

Tickets on sale December 24, 25, 26, 31; January 1 and 2; good to return until January 4.

VIA THE



Accuracy of Facts in an Advertisement.—It would seem superfluous to say that exact accuracy of facts is an absolute necessity in an ad, both in pictorial representation and in general statements, but often ads run at considerable expense in a high class medium bearing such evident errors, as to be of no effect as an advertising medium. An ad occupying $1\frac{1}{4}$ columns in a leading monthly magazine, makes the following remarkable statement under the head, "What 16 Horse Power Means:"

"The mechanical definition of one Horse Power means the power necessary to lift 33,000 pounds one foot per hour. Sixteen actual horse power would therefore lift 528,000 pounds one foot an hour."

The adwriter of course meant to say "one foot per minute," and "one foot a minute." As if this were not enough inaccuracy in one ad, the artist had represented an arrangement of pulleys hitherto unknown to science, to support the 528,000 lbs., in which the supporting rope frays to small cords apparently glued to the block which holds the 528,000 lb. engine in suspension.

Space occupied by an ad having one or more evident errors is worse than wasted and error of any kind should be guarded against by careful revision, especially if the matter written about is of a technical character.

Illustrations in Newspaper Advertising.—The use of cuts to strengthen advertising matter is nearly universal. Any picture will serve to catch the attention, but if not in keeping with subject in hand, if not to the point, it does not serve the purpose of telling something about the goods for sale. Stock cuts should be avoided under all circumstances. The use of illustration is so common that the reader is liable to recognize the disparity existing between the cut and the text or between the cut and the goods, and it cannot help but react upon the advertiser. Then, too, the cut should be adapted to the paper, printing and ink with which it is used.

Kinds of Cuts.—The simplest form of illustration is the outline cut. This was much in use several years ago and is still employed for some purposes. Shaded cuts are liable to smudge on fast or long runs and

should not be used unless they are sure to print well. The cut now most in use and appearing to the best advantage is the hand stipple. This is a pen and ink drawing the shading effect of which is derived from stippling instead of lining. If not reduced too fine in the engraving process it prints well, even on coarse paper and from a stereotype. Half-tones have two disadvantages, the mechanical difficulty in securing a good result in printing, and the absolute fidelity with which they reproduce the original—if a photograph. The former imperfection may be obviated by using a coarse screen, but this does away with necessary detail: the latter disadvantage may be remedied by going over the photograph and adding such lines as are necessary and taking out those which are not needed. Wood engravings are comparatively little used on account of cost.

If an advertiser has but one cut and wishes to use it for several newspapers, he can get a number of papier mache impressions or matrices from any of the daily newspapers on his list. These matrices are very handy and can be mailed with an ad with very little cost.

Display of Illustrations.—The same general rule should be observed in the display of cuts as in the display of type. Being an important part of the ad, it should stand out, should not be crowded or have the appearance of having been put in anywhere.

Types.—The adwriter at all times tries to have his type in keeping with the medium which he is using, the article which he is advertising and the class of people to which he is making his appeal. For instance, an announcement of a sale of art goods would call for script, Old English, or a similar type. Certain lines of trade are associated with utility and call for a serviceable type, as De Vinne for display, and a body type of leaded small pica. In trade papers advertising heavy machinery, steel rails, etc., the substantial, heavy-faced Gothic is much used.

Borders.—A border to an ad acts the same as a frame to a picture, throwing it into bold relief. A box of four rules about a price or an article is of great use in making it show up in a large or blanket ad.

Sizes of Type.—The size of type is expressed in two ways. Old-time printers designate types by their old names, as nonpareil, brevier, long primer, pica, etc., but now the common designation is by points. A point is 1-72 inch and 6-point nonpareil would be 6-72 inch in width (or height of letter). Type faces are not always of the same size as the body, thus we may have a 6-point face on 8-point body.

The following table gives the old names of type bodies and their designation in points:

Name—	Number Points.
Ruby	3½
Diamond	4½
Pearl	5
Agate	5½
Nonpareil	6
Minion	7
Brevier	8
Bourgeois	9
Long Primer	10
Small Pica	11
2-line Minion or English.....	14
2-line Brevier	16
Great Primer	18
2-line Long Primer or Paragon.....	20
2-line Small Pica.....	22
2-line Pica.....	24
2-line English.....	28
5-line Nonpareil.....	30
4-line Brevier.....	32
2-line Great Primer.....	36
Double Paragon.....	40
7-line Nonpareil.....	42
41 line Small Pica or Canon.....	44
4-line Pica	48
9-line Nonpareil	54
5-line Pica	60
6-line Pica	72

Type Faces.—Type faces may be divided according to the nature of their use into two distinct classes:

(1) Body or text types, used for plain paragraph mat-

ter, such as that of books and newspapers; (2) fancy types, used for displayed matter, such as that of jobs.

Body or text faces may be subdivided again into several classes, of which only two may be considered: (1) Old style; (2) modern. The difference between these faces may be noted with a little practice. Old style has a lighter effect than modern, and the figures do not line at top and bottom. The most striking characteristic of modern is the contrast between the light and the heavy strokes. Old style and modern faces should not be mixed; a book or job should be set in one face or the other—not, as is too often the case, having both used indiscriminately.

Technical Knowledge Necessary.—A certain amount of technical knowledge of printing is necessary to the successful writing of an ad. Theoretically, at least, a man should be a printer and know what is possible to be done by the compositor, proofreader, and pressman, as, even a minor change may mean a considerable delay and an expenditure of an amount of money out of proportion to the results obtained. The tables and rules and other technical information given in another section of this book will often be of service.

Proof Reading. It is important that anyone having to do with advertising should understand the various marks used in proof reading. An explanation of such characters is fully given under the head, "Marks Used in Proof Reading," to which the reader is referred.

SHORT CUTS

A Dictation Help.—When letters are dictated to stenographers, spoken names and addresses are often misunderstood. A good method to avoid error is to number the letters and simply designate them by number when dictating. In this way the correspondence may be turned over to stenographers to secure full addresses without danger of error.

To avoid the possibility of giving the same number to more than one letter, use a series of small numbered cards. Attach these cards to the letters with small

clips, to be removed, arranged and returned to the stenographer at the close of the day.—*C. E. Locke.*

Employee's Record.—It will be found decidedly advantageous, especially in shops where a large number of people are employed, to use a workingman's card system. For each employe a card should be used, which should contain his name, residence and number and the department in which he is employed. On this card should be entered the employe's daily, weekly and monthly record, together with reasons for absence and cause of discharge, in such an event. In large factories it is almost impossible for the executive head of the office to know personally the army of employes, and the record suggested will enable him at a glance to determine not only the qualifications of any certain employe, but to determine also whether one is deserving of advancement or an increase of salary.

The system is simple and effective.

Letter Forwarding.—The old style letter forwarding book with its record of millions of mistakes and countless inconveniences has been superseded by the modern system which is gradually finding its way into usage in hotels and post-offices. It is no longer necessary to depend on the book that has been worn out and many pages of which are missing. In its place is the neat desk drawer cabinet, with its system of alphabetical filing, the cards of which never show the wear and need never be lost. When an order for forwarding letters is received the name and necessary memoranda is written on a small 3x5 card which is filed in the cabinet in alphabetical order. The card provides space for full instructions for hotel clerk or postmaster and its use is a guarantee of accuracy.

Sealing Letters.—To save time and energy in moistening the gummed flaps of envelopes, the following simple scheme is used by a number of business houses. The flaps of the envelope are extended and placed on the desk or table with the gummed surface exposed and overlapping the flap of the envelope placed on top of it. In this way the gummed surfaces of several dozen en-

velopes may be exposed at a time. A moistened sponge brushed gently over this surface will sufficiently dampen the gum to allow the envelope to be sealed. This process is much quicker than to moisten each flap individually, and it applies the moisture uniformly on all the envelopes.

To save time in sealing these flaps, a small clothes wringer may be used to advantage. The machine may be easily attached to the edge of a table or desk. By passing the envelopes with the moistened flaps through this machine several hundred envelopes an hour may be evenly and securely sealed.

Subscription List.—Publishers of daily and weekly papers should have one system for keeping track of subscribers who receive their paper by mail, and one which makes each account directly accessible to any employe of the office, whether he keeps circulation books or not. Subscribers are likely to call for a statement of account at any time and the circulation clerk is liable to be out, or otherwise engaged.

When an order is received it should be made out on a card and sent to the mailing room for the name and address to be set in type on the mailing list. The card should at once be returned to the office, together with a copy of the mailing list. A clerk should check the list against the card to avoid error.

When a subscriber pays any amount on his subscription, it should be posted on the card and the correct date of expiration immediately placed on the mailing list.

To insure against errors and annoyances the mailing list should be checked with the card every time a payment is made.

Circularizing.—Many firms use the Blue Book of large cities in their circularizing work. Sometimes it is necessary to issue letters and announcements quickly from a Blue Book list. If only one book of a city is owned, only one addresser can be employed on the list at a time.

As a book is somewhat expensive, and as the list is

only used a few times each year, a small concern is not prepared to purchase five or ten copies simply for emergencies.

Though a firm has only one Chicago Blue Book, yet it can put ten or twenty addressers to work at it. The binding is removed and the "loose-leaf" man punches holes through the margin of the book and fits it in a loose-leaf cover. When the rush hour comes and the envelopes are wanted quickly, the book may be divided into as many parts as is required, and, with rings to hold each section together, the work proceeds. When the addressing is concluded, the parts of the book are brought together again and put into their proper places, and the book is complete.

This same short cut may be made with telephone subscribers' books and other lists of this class.—*Alex. M. Damon.*

Circularizing.—The knowledge that each customer received the circulars each month without going to the expense of paying duplicate postage is easily secured by the following system:

Arrange the name and address of each customer on the ledger on an addressing machine list, in the same order as the accounts are arranged in the books. Each month let the office boy address a set of envelopes to all of these names. He can also print these same names and addresses, together with the date on the statements, thus leaving the bookkeeper nothing to do but put in the items and amount due. To avoid waste, the first time the list is printed a statement is headed for all. Those that were not used at that time, because some accounts were inactive or had discounted their bill, would remain over and be used the next time when no statement would be headed for these. Thus a statement is always on hand for every account. The bookkeeper would use all the envelopes addressed to those who were entitled to a statement, and those remaining would be handed to the credit man for his inspection, showing him who had not made any purchase during the month. A mark on the envelope by the

bookkeeper would indicate those who had discounted their bill

A circular should be enclosed in each of the envelopes. This, too, can be done by a boy or girl in the office. By this method every one on the list receives the mail advertising regularly, and, as the postage must be paid on the statement anyway, additional postage is paid only to the amount of those who would receive no circular because they were not to have a statement.
—*E. D. Dorsey.*

Filing Correspondence.—For a man's personal correspondence there is nothing equal to the vertical filing system.

A folder is used for each regular correspondent, and in this folder is filed all of the correspondence, including the carbon copies of your replies. Then when one wishes to refer to any letter he has all correspondence before him.

These folders are filed on edge in vertical file drawers, and may be arranged alphabetically or numerically. The alphabetical arrangement is best suited for a small volume of correspondence.

In many cases the correspondence is of such a nature that it will be more often referred to by subject than by the names of the correspondents. In such cases the correspondence is indexed by subjects. A guide card is used for each general subject and the folders containing correspondence relating to that general subject are arranged in front of that guide. A separate folder, appropriately labeled, is used for each subhead of the subject. A card system is used to cross-index this correspondence by names of the individuals. A card is used for each individual and on this are noted the dates of letters and the subject under which it is filed.

One drawer of a vertical file furnishes sufficient capacity for the ordinary personal correspondence. It has a capacity equal to from eight to ten flat sheet files. The advantage is that you have all of the correspondence for a long period in one place, instead of scattered through numerous transfer cases.—*G. B. James.*

Working by Schedule.—To direct one's business from a central point is the first step to success. Many brilliant men, blessed with almost unlimited energy, fail in life's battle because they know little of system, and practice even less.

There are various ways in which this schedule can be arranged, but a card schedule, arranged somewhat like the following, will be found, perhaps, for every business the most convenient and useful.

First, have a card for the morning's work, and list thereon the routine common to every working morning of the year. In the hour column enter the time at which the duty is to be performed, and in the item column enter the duty. The afternoon's work should be listed in a similar manner on a similar card.

Then, as there are many duties to be performed but once or several times a week, have a card for every working day of the week and list on each the particular work for that day.

A monthly set of cards, similar to the weekly set, will also be found useful on which to list duties to be performed but once or several times a year. The card schedule ideas may be so carried out as to include all the regular details of any business or branch of business, whether small or large.

By beginning the day's work with schedule at hand and working thereby throughout the day, a card schedule as a central point from which to direct one's affairs will prove a blessing to any business man by relieving him of much needless mental strain, and by avoiding many an embarrassment that often occurs simply because one has forgotten.

Invoice Filing.—Generally speaking, all that is said in favor of vertical files for letters is also true in regard to the invoices of purchases.

In the majority of cases the alphabetical system will be found most suitable; it is simple and self-indexing. The divisions into which the alphabet should be divided must be regulated by the number of invoices to be handled.

BOOK III

BUSINESS SYSTEMS

As an aid to office economy and the proper administration of business affairs, the card-index system stands as the greatest improvement over old methods that has been or ever can be introduced. Card systems enable a vast volume of work to be handled by low-priced help that formerly came within the province of high-salaried office workers, leaving the managers of a business free from many annoying problems of detail, and giving them time for other and larger matters.

How Made.—Card systems are made up of record cards printed or ruled for receiving the proper records, arranged between guide cards which have edges projecting above the record cards. On these edges is printed or written the index matter necessary to locate readily any record card or cards desired. The cards stand on edge in drawers of convenient size. A single drawer may be complete in itself, may contain several complete systems, or may be part of a cabinet of any number of drawers desired.

ADVANTAGES OF CARD SYSTEMS.

Instant Reference.—The index cards guide one very closely to the card desired and an instant's fingering of three or four cards locates it exactly.

Unlimited Growth.—New cards can be inserted at any place and when the present cabinet is outgrown the cards can easily be transferred to a larger one without disturbing the records or arrangement. Better still, with a sectional cabinet simply add another section. Old material being continually removed makes room for new material.

Adaptability.—A variety of colors and shapes of record cards and colors and sizes of guide cards makes it possible to index and classify according to a variety of subjects.

Removal of Useless Matter.—When the information recorded on any card or cards becomes useless, it may be removed and destroyed or filed in a separate index for future reference.

Re-writing Not Required.—Information recorded on a card need never be re-written, but may be transferred from index to index until it is no longer of use, when it is removed and destroyed.

Cost of Maintaining.—The original outfit is purchased but once. The expense of new cards, purchased as occasion demands, is much less than for books of equal capacity.

Absence of Friction.—A system of units—only the parts necessary are removed for use and interruptions of the user are fewer and loss of time obviated.

Increased Capacities.—The labor is so subdivided that the numerous minor details may be performed by inexpensive help and the results of their labor made available for their superiors.

Encourages System.—Certain and exact places are provided for every record and its entry is not neglected. Adapt it properly to meet the requirements of a business and it will automatically furnish valuable information for the guidance of employees and manager.

Use of Card Systems.—The uses to which card systems may be put are well-nigh universal. While a system in one line has many features in common with systems in other lines, yet each is distinctive in that it is subservient to demands of the particular business of which it forms a part. The details of various systems as applied to specific divisions of business follow with illustrations of the forms used. In most cases the card system is used entirely, though in some cases minor modifications are introduced.

BANKING

An excellent system that is used by several metropolitan banks is described by Charles W. Reihl, the bank expert of Philadelphia. This gives numerous labor-saving uses of cards, particularly as an aid to the paying teller.

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The Signature Book Versus the Card System.—The use of the card system for signatures is not new to bankers, although some have not yet done away with the old signature book, that cannot possibly be kept in the way that signatures should be kept. Some books are better than others, but none so good as a proper card system.

Many bankers who have adopted the card system use only two forms, one for banks and the other for firms, corporations and individuals. This will answer

COPY BANK CARD		AUTHORIZED SIGNATURES OF		DATE DEC. 4, 07	
AMSTERDAM NATIONAL BANK, NY. & L.					
TO THE MANUFACTURERS NATIONAL BANK, PHILADELPHIA, PA.					
THE SIGNATURES BELOW ARE THE ONLY, AND ONLY ONES, DULY AUTHORIZED FOR YOU TO RECORDEE IN THE PAYMENT OF FUNDS OR TRANSACTION OF OTHER BUSINESS ON OUR ACCOUNT.					
Lemuel Q. Smith.				PRESIDENT	
John A. Brown.				VICE PRESIDENT	
PERSONS AUTHORIZED TO SIGN AND COUNTERSIGN DUE BILLS					
TO SIGN	Charles D. Hansen				CASHIER
TO SIGN	John B. Folsom.				ASST. CASHIER
TO COUNTERSIGN	Cashier.				
TO COUNTERSIGN	President.				
TO CERTIFY CHECKS	Cashier or asst. Cashier.				
TO ENDORSE CHECKS	" " " "				
	J. Amador.				
DATE	Nov. 30, 1902				CASHIER

Figures I and II

to a limited extent, but separate cards for each would answer to an unlimited extent.

The system here given was prepared after much study and examination of other systems, and it has been very highly commended by those who are qualified to pass judgment on it. It is especially intended for the paying teller's department, because he, by the nature of his duties, is required to refer to the signatures more than anyone else in the bank.

Figure I is for the signatures of officers of banks in the same city where the bank issuing the cards is located. Figure II shows the back of the same card. The information given on the back may be of more use than that given on the face. The names given on all the cards here illustrated are fictitious, for it would not be right to take cards from the cabinet and use them in this way. The names given are simply to show how the cards look when filled up, and the information they give.

INDIVIDUAL CARD	AUTHORIZED SIGNATURES OF	DATE
	JOHN L. SUMMERWELL,	AUG. 12, '18
TO THE MANUFACTURERS NATIONAL BANK, PHILADELPHIA, PA.		
THE SIGNATURE BELOW IS THE ONE, AND ONLY ONE, YOU ARE TO RECOGNIZE IN THE PAYMENT OF FUNDS OR TRANSACTION OF OTHER BUSINESS ON MY ACCOUNT.		
SIGN HERE	John L. Summerwell.	

BANK CARD	AUTHORIZED SIGNATURES OF	DATE
	AMERCUS NATIONAL BANK, KANSAS CITY, KANS.	AUG 12 '18
ADDRESS - 1295	TO THE MANUFACTURERS NATIONAL BANK, PHILADELPHIA, PA.	
BUSINESS - 400	THE SIGNATURES BELOW ARE THE ONE, AND ONLY ONE, YOU ARE AUTHORIZED FOR YOU TO RECOGNIZE IN THE PAYMENT OF FUNDS OR TRANSACTION OF OTHER BUSINESS ON OUR ACCOUNT.	
INTERESTED BY C	H. H. Feltz -	PRESIDENT
	J. L. Garrett.	VICE PRESIDENT
	F. J. Peters -	CASHIER
	J. D. Alexander	ASST. CASHIER

Figures III and IV

The card for out-of-town banks is Figure III. The wording of the two printed lines, beginning, "The signatures below," etc., is a little different from that generally used. It is clearer and more to the point, giving special instructions, which become effective when the signature is placed below.

The individual card is shown in Figure IV. No comment about this is necessary, for it explains itself. But on the firm card (Figure V) the arrangement giving

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place for the name of the person who signs for the firm is very useful. The question sometimes arises as to which member of the firm signed a certain check or note. Reference to this card would tell at once.

FIRM CARD		AUTHORIZED SIGNATURES OF		DATE
		SMITH, BROWNLEY & CO.		MAR. 15, '08
TO THE MANUFACTURERS NATIONAL BANK, PHILADELPHIA, PA.				
THE SIGNATURES BELOW ARE THE ONLY, AND ONLY ONE, ONLY AUTHORIZED FOR YOU TO				
RECORDED IN THE PAYMENT OF FUNDS ON TRANSACTION OF OTHER BUSINESS ON OUR ACCOUNT.				
SMITH, BROWNLEY & CO.		BY W. S. SMITH.		
SMITH, BROWNLEY & CO.		BY John Brownley		
CORPORATION CARD		AUTHORIZED SIGNATURES OF		DATE
		QUAKER HOUSEHOLD ART CO.		JUNE 25, '08
TO THE MANUFACTURERS NATIONAL BANK, PHILADELPHIA, PA.				
THE SIGNATURES BELOW ARE THE ONLY, AND ONLY ONE, ONLY AUTHORIZED FOR YOU TO				
RECORDED IN THE PAYMENT OF FUNDS ON TRANSACTION OF OTHER BUSINESS ON OUR ACCOUNT.				
ONLY IS HEREBY UNDERSTOOD THAT ONLY ONE SIGNATURE IS REQUIRED UNLESS OTHERWISE INSTRUCTED				
ADDRESS		PRESIDENT		
456 Ave		William Fern -		
BUSINESS		VICE PRESIDENT		
Manufact		Thos. J. Quaker -		
INTRODUCED BY		TREASURER		
L. J. Fern		H. T. Moneyo.		
The signatures of Treasurer and President required.				
ADDRESS 1790 Chestnut St.				
BUSINESS Furnishings and decorations -				
INTRODUCED BY H. W. Yorkers -				

Figures V and VI

The Valuable Points of This System for Banks.—All these cards, except those for banks, give a place for the address, business—that is, the nature of the business—and by whom the party was introduced to the bank. This information is often wanted, and will be found useful in many ways on many days.

Figure VI is the corporation card; on it is a clause stating that, unless otherwise instructed, only one signature is required. Frequently the treasurer's signature is the only one used, but in the case here given the bank is instructed that two signatures are required on each check or note. Without the special instructions the bank would be authorized to pay on any one of the three signatures given.

The same card (Figure VI) is to be used for trust companies, too, as shown in Figure VII. The nature of the business in this case is understood without making note of it.

Although seven forms are here given, there are only four different kinds of cards. The two for banks are the same on the face, but some had the form printed on the back, for use with banks in the same city.

TRUST CO. OR CORPORATION CARD		AUTHORIZED SIGNATURES OF		DATE SEPT. 1, '08
WILLIAM PENN TRUST CO. PHILA.				
TO THE MANUFACTURERS NATIONAL BANK, PHILADELPHIA, PA.				
THE SIGNATURES BELOW ARE THE ONLY, AND ONLY ONE, ONLY AUTHORIZED FOR YOU TO RECORDED IN THE PAYMENT OF FUNDS OR TRANSACTIONS OF OTHER BUSINESS ON OUR ACCOUNT.				
NOT IN HERETO UNDERSTOOD THAT ONLY ONE SIGNATURE IS REQUIRED UNLESS OTHERWISE NOTIFIED				
Edward Du Bois -		PRESIDENT		
Geo C Cooper.		VICE PRESIDENT		
Brown, Clark & Co		STOP PAYMENT ORDER		
THE MANUFACTURERS NATIONAL BANK, PHILADELPHIA, PA.		DATE Nov. 1 1908		
PLEASE STOP PAYMENT ON THE FOLLOWING CHECK: -				
NO. 9780		DATE OF CHECK, Oct. 30, 1908		
ORDER OF Smith Hardware Co.				
AMOUNT \$982.75				
BANK NAME Brown, Clark & Co.				
ORDER CANCELLED Nov. 10, 1908 Brown, Clark & Co.				
REASON Not lost, only delayed in mail.				

Figures VII and VIII

There is really only one objection to these cards; it is that they are too wide to be enclosed in an ordinary business envelope. They are four by six inches, and require a special envelope when sent through mail. If they were three and a half by six inches, they could be enclosed in an ordinary business envelope, and would not be so liable to be broken or torn in the mail. They could very easily be so printed.

An Important Feature of the Paying Teller's Department.—Another important matter with the paying teller's department is "stop payment" orders. These or-

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ders are usually written on a slip of paper or letter form from the party who issued the check or note, and then desired for some reason not to have it paid, and when the item has been returned or the order canceled, the slip is torn up, and that ends the record. Some keep the record by entries, in a book kept for that purpose. But with the card system a card like Figure VIII can be used to great advantage. When the order is given to stop payment, the card is filled out, as here shown, and the card is filed in its place. If the order is canceled for any reason, the two bottom lines are filled up and the card filed back of those still in effect. If the check comes in and is returned, mention of the fact, with date, should be made on the card, and then the card is filed as if the order had been canceled.

OFFICE OF THE MANUFACTURERS' NATIONAL BANK 27 - 29 S. THIRD ST., PHILADELPHIA, PA.	INTRODUCTION CARD
THIS CARD BEGINS TO INTRODUCTION TO YOU	
on <u>Charles L. Yida</u>	
at <u>Camden, New Jersey</u>	
THIS CARD BEGINS AN ACCOUNT WITH THE MANUFACTURERS' NATIONAL BANK. WE TRUST THIS WILL BECOME THE ACCOUNT WHICH BECOMES AVAILABLE IN CASE AND FREQUENT BANKING.	
<u>Jan. 1, '03</u>	<u>Geo. L. T. Newberry</u>
IF IT IS NOT OTHERWISE, ON THE PARTY INTRODUCED TO CALL AT THE BANK WHEN THIS OF CARD BEGINS TO CALL. BEWARE FREQUENT ATTENTION.	

Figure IX

For these cards a four-drawer cabinet is used. First drawer for A to K cards, second for L to Z cards, third for local and out-of-town banks, fourth for stop-payment orders and to file cards of accounts that have been closed. When an account is closed, the card should be taken from its place, marked "Account Closed," with date and reason, and then filed away in alphabetic order in the fourth drawer. If the bank has more than two ledgers for individual accounts, more drawers can be provided for the cards. To those who think of adopt-

ing the card system for signatures, let me make a suggestion: When you send out the cards, with letter asking for signatures, enclose an introduction card, like Figure IX, and ask them to use it in introducing someone to open an account with the bank. The typographical work might be better than that on this card, but it is the idea that is to be impressed upon you as a good one to use to bring business.

MAIL ORDER BUSINESS

A general outline of the mail order business is given on preceding pages, and following is outlined by O. F. Kohl, the handling of one of the most important parts of mail order work—the following up of inquiries.

Growth of Mail Order Trade.—Ten years ago the mail order business was new. It was confined to a few branches of trade; the number of concerns engaged in it was comparatively small, and their profits were large in comparison with the investment. Within the past few years conditions have changed. The number of mail order houses to-day is large; in consequence the profits are smaller. The progress in the business has produced a careful follow-up system for inquiries, which is an ever-present need. It is felt much more to-day than ten years ago, when the writer embarked in the business.

Advertising Necessary to Success.—The advertising expense of a mail order concern is perhaps at the outset its greatest item; in consequence the results which are obtained from that expenditure determine, in a large measure, what degree of success is to be vouchsafed to the manager of a mail order business. It is therefore necessary to make as much of these results as possible. It is absolutely necessary that the inquiries be pursued to the time where they produce a sale, or until those inquiries are found to be the result of mere curiosity. Just at what point this is determined is a mooted question with all mail order people, and may not here be dealt with. It is assumed in this business that every inquiry is the offspring of a desire to buy, and is treated accordingly. Everyone in the

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company's employ follows closely the outline of this system and makes it a point to keep a record of every sale, the source from which it is derived and to keep a record of every inquiry in the same way. If a sale results from subsequent correspondence it is credited to its original advertising source.

A record is also kept of the advertising in the various mediums and of the results therefrom. In this way it is known which is the most productive and what advertising copy shows the greatest returns.

NAME *R. L. Fields* SOURCE *System*
 STREET *1428 Locust St* NO. *12334*
 CITY *Des Moines Iowa*

FROM LETTERS A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
 ORDER CATALOGUE *April 4, 1903*

ORDERED _____

REQUIRED FOR *Watch #324*

Inquiry

Figure I

Records of sales are kept by means of cards; and as the same system is used as with inquiries, the illustration serves the purpose of explaining both.

Recording and Filing Circularized Names.—Every mail order house has a list of names of people, obtained from advertising and auxiliary sources. These people are reached with circular letters and printed matter every three months, aside from the general advertising. For each person a card similar to the inquiry card (Figure I) is used, except that it contains

only the name and address. These cards are white and the division cards are buff. They are filed in sectional cabinets by states, which are sub-indexed alphabetically for the larger cities.

Whenever an inquiry is received, the white card is taken from the file and also the buff guide for that town and substituted for both cards of a salmon tint. The white card is then stamped across its face "inquiry," that in the future it may not be incorrectly filed if taken out for correspondence reference.

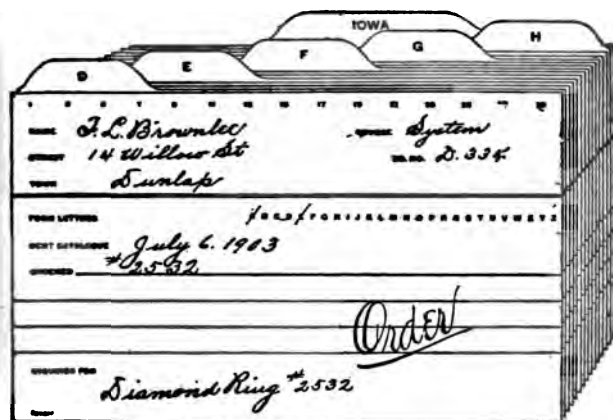


Figure II

The same procedure is followed in regard to the sale, except that the word "order" is stamped on the white card (Figure II). These cards are then transferred to a separate file labeled "Inquiries" and "Orders." Thus, when circular matter is again sent out to the general list, those who may have inquired or bought are not reached.

The substitution of the salmon-tinted card with the address on it for the general file is to make the list complete, so that when correspondence comes in and the name is looked up, the clerk who looks after this will know at once whether the card is in the sales or inquiry box.

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Use of Cards.—This system of filing separates the cards containing the records of those who have bought or may buy from those from whom no response has been had. To the latter, matter is sent at least every two weeks, and continued until some result is attained, or until satisfied that there is no further use in writing them. They are then transferred to a dead file. To this list are sent only special offers, but for all practical purposes they are on the dead list.

In following up the list in the inquiry and sales box, adjustable tabs are used, or should it be desired to indicate the date of a reply, a ring is placed around it (Figure II). This saves the necessity of removing the cards from their proper places in the file, and the destination acts as a puller for all of the correspondence. It will be noted that only the odd days in the month are used, as for all practical purposes these are sufficient. On the back of the cards is had space for the dates on which letters are written. These cards are then turned over to the stenographer, with the date when a reply is expected, indicated within the ring. The stenographer stamps the date on the letter, which is filed by a girl who has entire charge of this work, and who is held responsible for the errors. This rule is followed in every department and found profitable.

All the correspondence relating to one transaction is filed together, and a separate folder is made for each individual with whom any considerable correspondence is had.

This system saves time and enables the best results to be obtained from letter writing and general advertising. The color system is a valuable adjunct to the card system, and the manner in which this is run enables the keeping of cards in contact at all times, so that there is no difficulty in finding any desired information. If the number of inquiries were not large, the white card would not be removed from the box, but would have "inquiry" stamped upon it.

While this system was originally devised for the mail order business, in the manufacture of watches, jewelry and musical instruments, anyone giving it careful study will see at once that it is adaptable to any

mail order business, and those who desire to install it may rest assured that it has had the strong indorsement resulting from long and successful use.

WORKING UP CITY TRADE

In large jobbing centers the local or city trade is no small item when properly and systematically canvassed by salesmen who call upon their trade weekly, bi-weekly or monthly.

The following method was devised and used very successfully by W. Harry Forse, Jr., to meet the problem of working up a new and permanent local trade in one of the larger western cities. The line of goods was wire, sisal and manila rope, pulleys and rope fittings. The method used is one which could be adapted to any business having outside local salesmen.

NAME		ADDRESS		
Wm Newman & Co		46 Main St		
BUSINESS		CITY		STATE
Stone Quarry		UC 63		B. Newman
DATE	4/6/03	4/14/03	4/24/03	
QUOTED	4/14/03			
PRICE	4/14/03			
may use some Roisting wire rope Aug 10/03				

Figure I

List of Customers Called On.—The calling list, the first to be compiled, is obtained by taking a copy of the latest city directory and from its classified list selecting those businesses which give promise of using one or more kinds of the goods handled. Each name is written on a 3x5 card (Figure I), of which four colors were used to denote the different geographical sections

of the city. This is to aid the one salesman first started in routing his cards, in order to save time in making calls. Thus, white cards signify North, blue cards South, and so on.

Upon the card is written the prospective customer's name and street address, while spaces are left for insertion of the buyer's name and for dates of calls, quotations and sales.

Planning the Day's Work.—Each morning the salesman picks out and routs in regular order about twenty or thirty cards, laying out his day's work so as to avoid doubling back and forth over a certain territory. These cards the salesman takes in his pocket, and as he makes his calls, he makes notation of details regarding them. In the evening these cards are filed back in the cabinet, with date tab moved to show approximate date of next call. When found desirable to strike a name from the calling list, the card therefor is filed alphabetically in the back part of the cabinet, with the necessary notations.

CORRESPONDENCE

A simple plan aiding the busy correspondent is given by J. T. Mills.

Arrangement of File.—When arranging a correspondence file, care should be taken that not only must the letters be filed in such a manner as to be easily accessible, but that their contents be recorded so that whatever correspondence has already passed, concerning any subject which may be brought up, may be quickly brought to mind. The following system may be adapted, however, with few alterations, to meet the requirements of any business house.

Use of the Card Record.—A card record is kept of all letters received and written. These cards are filed alphabetically, according to the name of the correspondent. The form of the card shown in the illustration (Figure I) is about three by five inches. At the top is entered the name and address of the correspondent, and a file number is assigned to it. Under "Date" is written the day on which the correspondence is received, and under "Subject" is noted the gist of the

letter. If a letter is sent to any other place than the file proper, its destination is noted under "Disposition." All letters received are entered in black ink, while those sent out are entered in red. The object of this is apparent, as otherwise it would be necessary to have a card double the size of the present one to accommodate the extra columns required.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
NAME																														
ADDRESS																														
DATE			SUBJECT															DISPOSITION												

Figure I

Future Attention.—If the correspondence requires attention at a future date a small metal pointer or clip is placed over that particular date. As the pointers for any particular day are all in a row on the top of the file, the cards bearing them are easily withdrawn. Thus a double file is made; the cards themselves are arranged alphabetically and also according to date. This is especially convenient where a "follow-up" system is required.

When the matter which requires attention has been attended to, but requires further correspondence, the pointer is moved along to such date as desired. In this way attention is called to the card, automatically, at the proper time.

Filing of Letters.—The letters themselves are filed in open-topped drawers or boxes. Each correspondent is assigned a file number and his letters are placed in a large manila envelope and the several envelopes are filed numerically.

Advantages.—The advantages claimed for this sys-

tem are: First, when an inquiry or advice is received from a certain party, the correspondent may tell, by consulting his card, just what and when he wrote and what disposition was made of the letter. If it was placed in the regular file, the file number is given to the file boy and the complete correspondence is at hand. Second, all letters which require attention are automatically brought to notice each day by the pointers, which saves the time of looking over the cards each day. Third, a brief history of the previous correspondence is condensed into a small space, thus obviating the necessity of reading through all previous letters before the correspondent can "get his bearings."

ADVERTISING

The general principles of advertising have already been treated in a preceding article. Following is given by Arthur H. Vandenberg, a description of a method of placing advertising and of recording results which may be used to advantage by the wholesale and retail dealer alike.

Appropriations for Advertising.—Advertising appropriations run the entire gamut of expenditure, from \$50 a year to \$500,000 and more. They are framed by establishments with backing of millions and by the dealer renting deskroom on a side street. They often represent an expenditure in excess of the yearly cost of actual production and are always a dominating figure in the annual budget. The conclusion, then, is inevitable that advertising appropriations and advertising space should be just as diligently studied, just as carefully regulated, just as thoroughly systematized as any other branch of the modern business machine. Because of the comparative infancy of the "buying-by-mail" era in commercialism and because of the surprising indifference which often exists in the expenditure of an advertising appropriation, there is wide opportunity for "leakage" in the advertising department unless system is vigorously applied. The office manager or the advertising man can reduce the details of his task of keeping tab on the advertising appropriation to a

minimum by observing a simple card and loose-leaf reference system.

Form of Reference Book.—There should be a loose-leaf reference book, similar to that illustrated in Figure I and in Figure II. This is a preliminary essential unless complete dependence is to be placed on the figures given out by advertising solicitors and agencies. This is to be a book of ready reference, always up to date. At a glance the buyer of space may tell the circulation of a medium, the advertising rates, the size of page and dates of issue, and the character of circulation. Every card tells its own story.

NAME		SOURCE		FILE NO.
BUSINESS		ADDRESS		TEL.
REPLY				
DATE				
LITERATURE SENT	FORM LETTERS	WE	CALLED — C WROTE — R	RESPONSE

Figure I

Rates and Price Schedule.—In considering rates, the schedule of prices on space is no criterion. One magazine may sell a page for \$10 and another may charge \$1,000. Yet the \$1,000 page may be the more economical because it reaches more people, is read by more prospects than the \$10 page.

Size and Price Schedule.—Again, the size of the page must be considered. A page with ten inches for \$100 is more expensive than a page with twenty inches for \$150, although both have the same approximate cir-

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ulation. The only common ground for comparison, therefore, is the rate a thousand circulation per inch of space. With all scheduled prices reduced to this basis, an impartial and reliable comparison may be made at a glance. The reference card, therefore, gives, above all else, the rate a thousand circulation an inch of space for every medium under consideration.

CIRCULATION			THE NORTHWEST.		
50,000			CHICAGO - Ill.		
RATE PER 1000 CIRC. PER INCH			RATES:		
60 cents.			PAGE 1 \$ 15.00		
PERIOD CLOSE			1/2 P. M. 75		
15th. mo. before.			1/2 P. M. 60		
DATE PAGE			PER INCH 80		
6 x 10		WIDTH COL.	DATE OF ISSUE		
		3 in.	20th		
CHARACTER					
Circulates in Michigan, Iowa, Indiana					
Ohio, Illinois and Wisconsin. 60 percent					
are women.					
REFERENCES			BOSTON, MASS.		
Smith, Marshall -			NEW YORK CITY.		
Peabody Bros					
REMARKS					
Space next to reading matter					
may be secured for 20% raise in					
rates.					

Figure II

Selection of a Medium.—The advertiser may desire to cover some particular field. He may be aided in his choice of mediums by the loose-leaf reference, which suggests at a glance the character of the circulation

of a medium and of the firms which have declared it a successful puller.

Results Shown by the Keyed Ad.—After the question of choosing the medium and of placing the contract is disposed of, the advertiser must carefully watch the results of his experiment. His advertisement has been keyed, perhaps by the business address, the department letter, the individual department head, or the

NAME <i>John Smith.</i>		ADDRESS <i>Detroit, Michigan.</i>	
INQUIRY <i>July 9, 1903.</i>		SOURCE <i>Adv.</i>	
INQUIRY CARD SENT <i>July 10, 1903.</i>		ANSWERED <i>July 13.</i>	
WANTS <i>Desk for about \$20.00</i>			
CONTRACT NO. <i>1029</i>	FOR <i>Desk.</i>	AMOUNT <i>\$20.00</i>	TERMS <i>30 days.</i>
LETTERS WRITTEN <i>7/19 7/21 10/1</i>		RECEIVED <i>7/18 7/21</i>	
DISPOSITION CARD SENT <i>August 1</i>			
DISPOSITION <i>Take matter up in October.</i>			
ORDER <i>Oct. 3.</i>			
PAID <i>Nov. 7.</i>			

Figure III

name of the catalog. He may safely check the returns with a card system similar to that suggested in Figures III and IV. In keying results it is again necessary to secure a common basis, and here it is the actual cost of every inquiry and sale. Again, the \$1,000 medium may be more economical than the \$10 one. The advertiser knows what he can afford to allow out of each sale to apply on the general account of publicity. He may tell by a glance at his card system whether a specific magazine is above or below the minimum standard. A single month, however, is not a fair test.

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The cards should therefore be arranged to cover six-month periods.

MAGAZINE The Northwest.		FROM April 1902		INCLUDING September.	
NO. OF INSERTIONS Six. 1/4 page.		COST \$50		TOTAL COST \$300	
INQUIRIES		FEB.		MAR.	
APR. UNT UNT II					
MAY UNT UNT UNT UNT UNT III		JUNE UNT UNT II		JULY UNT UNT UNT UNT UNT UNT UNT UNT UNT UNT UNT	
AUG. UNT UNT UNT UNT UNT I					
SEPT. UNT UNT UNT UNT UNT UNT UNT UNT		OCT.		NOV.	
DEC.					
SALES UNT UNT UNT UNT UNT UNT				REV No. 15 closed	
COST PER INQUIRY \$1.44.					
COST PER SALE \$10.00					

Figure IV

System and Concentration.—Finally there must be system in the campaign itself. An aimless distribution which may include practically every publication is wasted energy. Concentration is a fundamental requirement and is elementary to system and success.

FILING OF WANT CARDS

A simple method of maintaining a record of quotations and purchases, and facilitating the taking of stock, is given by W. E. Miles.

Want cards save time, maintain a record of quotations and purchases, show the quantity of goods bought and the profit made from them any period, and save time in taking stock.

Individual Card.—There is a card for every article. As shown in Figure I, "Lye, Lewis, case 4-doz., weight 42 lbs.," would head the card for Lewis Lye. Space is

allowed for the jobber's quotations, the date of purchase, quantity bought, price paid, retail price and profits, all on one line.

Perpetual Record of Grades and Prices.—The cards are arranged alphabetically. When an article is out or wanted the card is placed in front of the "Wants" guide card. The buyer runs over his want cards every day, and each card shows him at a glance quotations, what he has paid, how much he has sold, and the profit made. This record may be kept for years. Different brands of an article can be quickly compared for selling and profit-earning qualities.

Lye - Lams - case 4 doz wt 42 lbs									
1903 QUOTE				PURCH					
QUOTED	Q. C. & CO.	S. CO.	S. CO.	DATE	QUANTITY	PRICE	SELL	PROFIT	
(30)	lge	lqn	lrg	Aug 10	10 cases	lqz	dt.	ldg	
lqz	lge	lrg	lqn	Oct 20	10 "	lqz	dt.	ldg	
lqz	lqn	lge	lge	Dec 20	10 "	lqz	dt.	ldg	
					30			diag	
	Jan 12				5	lqz		oeqz	
					25 cases			dnpg	

Figure I

The want cards form a complete catalogue of stock, and in taking stock, save the time of writing out the articles and prices. The date, quantity on hand and extension may be written in red ink, and this stands for the inventory. The profits on each article for the year can be quickly added.

A want card can be made out as quickly as the item can be entered in a want book, and when once written it is good for ten, twenty, or as many orders as the card is made to accommodate.

The want card is the official price maker. If a clerk

cers would want cases and blank forms to go with the manufacturers' cards, and the manufacturers would want to use cards in order to have their advertising matter incorporated in the buyers' index-card system, as shown in Figure II.

Many manufacturers and jobbers give retailers want books, and the cards could be sold for the same purpose, the name or product being advertised on each card.

This system gives the buyer a uniform catalogue, and at the same time, by the use of color, cuts and artistic typography, the manufacturer can make his advertising more distinctive than it is possible in trade journals. If manufacturer's cards were sent out periodically, postage, express charges and printing costs would be reduced, and manufacturers and jobbers could be induced to send their changes, special information and quotations on cards.

FACTORY SHIPMENTS

This is an example of an adaptable system and one of value, contributed by Lawrence L. Hall.

This system, which was installed in the factory of Hilliard & Tabor, at Haverhill, Massachusetts, after many weeks of experimenting and a careful study of the needs of the factory, has now been in operation for a year, and works to the entire satisfaction of the company.

How Records Are Kept of All Orders.—At this factory the packing and shipping rooms are on the same floor. As the same man has to do with both departments, one card answers for two uses. The trade is divided between the jobbing and retail trade. The orders are entered in books, those from jobbers going into what is termed the "S" book, and retail orders in the "T" book.

On the customers' cards an initial is used to designate, such as "J" after the firm name of jobbers. The card also contains the page on which the order is entered. This is placed in the upper left-hand corner of the card (Figure I), and on the first ruled line is

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stamped or written "File Page," which will be referred to and fully explained later. On the next line appear the shipping directions, which are written in pencil, so as to be easily erased in case of a change in routing. If there should be a change in routing the change is made immediately on the card, and should this necessi-

88	5	Cohn, Nicholasberg and Co	3
File page.	92.	San Francisco, Cal.	
Ship.	7/10	Sunset Route. C. & G. Spencer. 249 Broadway. New York City.	
Mark.		Make no ship. under \$500.	
Carton	White	Label	Cover Ship.
Special.	14 - 5 1/4 - 4 1/8	Labels from 443.	
	14 - 4 1/4 - 4 1/8		

Figure I

tate a change in the date of shipment, the entry and date is placed in the second column of the card (Figure I).

Handling the Routing of Orders.—The routing order is posted in a file, such as many firms use for filing

443	5	Gons, David & Co.	Export.
File page.		Sydney, N. S. W. Australia -	
Ship.		Can. Pac. via Vancouver.	
Mark Case.		Gross weight, outside measure.	
		marks "From H. S. T. U. S. 9" on	
		cover "Made in America" on	
		sides.	
Cartons	White	Label	Label from 443
Special.			
Stamp Carton.		Sample No 527	

Figure II

invoices, and the page number is placed in the second column, on the first line, in front of "File Page."

The entire correspondence from a customer is filed on this page, whether relating to shipping, marking

cases, cartons, labels or any other detail connected with packing or shipping.

A note of the customer's request and the date is also placed on the card, and as the file is always in reach of anyone who uses the index, reference to the original letter is a matter of one moment.

127	T	Wetters and Kayser Shoe Co.
File page.	171	Pasadena, Cal.
Ship.		M. D. Santa Fe.
		Wooden Cases. Special.
		White Label. 1/2" label.
Cartons.		Labels from Tolman.
Special	Menu	12 3/4 - 5 3/8 - 4
	Woo.	12 - 4 3/4 - 3 1/4 - gilt edge.
		above are outside measurements
		including case.

Figure III

"Special" Cards.—Some of the firm's customers require special marks or cases, so after the word "Mark" the requirements are placed. Should a customer use a regular carton, under "Carton" on the card is stamped "White" or "Stock," and, as a rule, no entry is made after "Wooden Cases," but if a carton is used with a label, "Special" is stamped after "Carton" and "Stock" after "Wooden Cases," and a note is also made of where the label is obtained.

When a carton of special size is used, the word "Special" follows both carton and wooden case. The dimensions of a carton are given, and, after the words, "Stamp Carton," the request of the customer as to stamping is carried out.

All of the foreign buyers of this firm wish the number of the sample from which the shoes were ordered stamped on the carton as a means of ready reference in case of future orders.

How Branch Stores are Distinguished.—Some of the customers have stores in two or more places, and a shipment to the wrong store is not pleasing to the

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buyer. For instance, a customer has one store in Bakersfield, California, and another in Fresno. At the top of a card, similar to Figure III, a note may be made, reading, "Also at Los Angeles," and on the other card a notation will be made at the top, reading, "Not Pasadena."

#2

No. of pairs of Woe. Ex. and $\frac{1}{4}$ Boot cartons, packed in 1 case.

10	Woe. Ex.	22	Woe. Ex.	30	Woe. Ex.		
39	$\frac{1}{4}$ Bt. 48 Bt.	25	$\frac{1}{4}$ Bt. 44 Bt.	18	Bt. 44 Bt.		
12	Woe. Ex.	22	Woe. Ex.	36	Woe. Ex.		
14	Bt. 30 Bt.	12	Bt. 30 Bt.	12	Bt. 44 Bt.		
14	Woe. Ex. 24 Bt.			37	Woe. Ex.		
12	Bt.			24	Bt. 65 Bt.		
16	Woe. Ex.					55	Woe. Ex. 60 Bt.
7	Bt. 18 Bt.					12	Bt.
17	Woe. Ex.						
18	Bt. 65 Bt.						

Figure IV

Be it said in explanation of this system that the firm has cartons of different sizes for each store, varying considerably in dimensions, as the cards will be made to show. These cartons are designed to fit the shelves, and if a mistake were made, the ensuing trouble is apparent. At the time of shipment, before it is too late to mend matters, the index does its work admirably and trouble is saved both maker and buyer. Should shipments be made at the same time to both stores, the value of the index is even more appreciated.

"Capacity" Cards.—A feature which is of much service to this company, and one which has seldom if ever been used, is a card (Figure IV), showing the capacity of cases with cartons of a size different from the size it was designed to hold. Among the retailers orders have cases of a varying number of pairs, from one or two up, and it is quite necessary to see that every case is filled to its capacity. The notes on the card (Figure

IV) are not complete, but are of great use to refer to, as accurate estimates can be made from them.

On another card (Figure V) dimensions of cases for special size cartons are noted, and in an emergency

No. of woo. ex. cartons that will pack in $\frac{6}{8}$ foot & minus cases.					
	in 2 mens	41	in 33 mens	54	in 48 mens
	= 12 boot	40	= 33 boot.		= 48 boot
15	= 15 mens		= 36 mens	61	= 50 mens
17	= 15 boot.		= 36 boot		= 50 boot.
	= 18 mens	45	= 39 mens		= 52 mens
22	= 18 boot		= 39 boot.		= 52 boot.
	= 21 mens	49	= 40 mens	68	= 55 mens
25	= 21 boot		= 40 boot.	67	= 55 boot
28	= 24 mens		= 42 mens	76	= 60 mens
	= 24 boot.		= 42 boot		= 60 boot.
36	= 30 mens	53	= 44 mens		
	= 30 boot		= 44 boot.		

Figure V

the size of the special case demanded may be compared to the regular cases of about the same size, and a fairly good fit is secured in most cases.

SOLICITING

Following is given, by A. C. Hanbold, Special Agent, Equitable Life Assurance Co., a system using a two-card record. While here applied to insurance, it affords valuable pointers to a solicitor in any line of business.

The insurance solicitor who makes a business of writing insurance instead of regarding it as a make-shift from which he expects to retire as soon as possible finds that in order to keep track of his customers and prospective customers he must start some system by which he can keep on record the names and circumstances of these men and some essential facts regarding them.

List of Prospects.—The man who is active in the insurance business to-day will have probably two hundred men and women on his list with whom he wishes

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to keep in touch. It is impossible for him to keep all the facts regarding these people in his head or on odd slips of paper. The system here described is very simple, entails the minimum of work, and is inexpensive, but wholly satisfactory, for it does all that is required.

A Mechanical Aid to Memory.—When a person whom the solicitor wishes to approach is first brought to his attention, his name is placed on a buff colored card, ruled as shown in Figure I, with such facts in the blanks as may be known concerning the individual in question. Blanks are left for records of interviews and appointments, as well as for facts which may be learned in the course of the labor with this man.

NAME	
INTERVIEW	BUSINESS ADDRESS
	RESIDENCE
	BUSINESS
	INSURANCE IN FORCE
APPOINTMENTS	AGE
	FORM OF POLICY SUGGESTED
	REMARKS

Figure I

Filing.—These cards are filed alphabetically in a case, so that they may be referred to at any time. To keep the dates of appointments in mind, they are entered on a calendar pad from these cards, inasmuch as the number of cards is usually too small to warrant their being classified according to dates of future interviews chronologically.

Customer's Card.—When a policy is written for a person who has been solicited, this buff card is destroyed and a new "customer's card" is made out similar to that shown in Figure II. The essential information on the buff card is transferred to this white card, and

in addition to this the essential facts concerning the policy written are recorded. This card is then filed, also alphabetically, in a customer's case, where it is preserved always.

"Improbable" Prospects.—The records of persons upon whom the solicitor has been working, for whom no policy has been written and who are apparently hopeless, at least for the time being, are taken out of the buff card case, and are filed in a pigeon-hole, with others of their kind. These are read periodically, every few months, for information of any new facts concerning any persons who are entered on the cards. Death, alone, is necessary to designate a card as "dead," in which case it is destroyed.

NAME	
DATE OF APPLICATION	BUSINESS ADDRESS
NO. OF POLICY	RESIDENCE
WHEN DUE	BUSINESS
PREMIUM	PLACE OF BIRTH
FORM OF POLICY	BENEFICIARY
AGE	REMARKS
DATE OF BIRTH	

Figure II

Whenever the person whose record appears on a buff card—placed in the hopeless file—is found to be in a more receptive mood, the card is again placed in the card case with the cards of others who are being solicited, and work is again begun upon him.

Future Prospects.—Persons who may for some good reason not be approachable for soliciting for three, six months, or even longer, have their cards left in the regular file, with this information recorded on them. Their names may either be entered on a calendar pad on the date on which they are to be seen again, or it may be good policy for this and for general pur-

poses to look through the file of buff cards every month, and so keep track of all these individuals. In any case, all such information is always written on the card under "Remarks," so that it can be referred to when necessary.

The Value of a Record of Policies Written.—The white cards are kept partly in order that the solicitor may always have at hand the list and facts of all the policies he has written—a record which will be found very serviceable and convenient, as for one reason or another a solicitor has many occasions to look up his policies. If he has no such record, he must either go to the books of his company or to the document which his customer holds. But these cards fulfill another function. A solicitor is never satisfied with writing one policy for an individual. He will wish, when a time has passed since his first policy has been written, to solicit him for another. He has then all the facts at hand which he formerly had on his buff card.

If a customer is approached for a second time, a buff card is again made out for him, if a second policy is secured another white card is filled out.

LAW

Following is described by Morris R. Osborne, a method by which the documents of a law office may be kept in easily accessible form.

The Common or Envelope Method.—The ordinary method of filing papers in the legal department of a large corporation is generally that used in most law offices—that of placing all the documents in a case, in a large envelope, writing each step that is taken, and of making a notation of each document on the envelope, and filing the envelope alphabetically under the name of one of the parties. The disadvantages of this method are many. In the first place, the envelope used is rarely printed so that important information can be prominently displayed, and the whole envelope must be searched to discover what disposition has been made of the case. Then, the space on the envelope, even if both sides are used, often proves insufficient to contain

all the steps which are taken, and it is inconvenient to provide another envelope merely for writing purposes. Also, these envelopes are usually filed in a vault, and eventually become torn and mutilated and the writing on them undecipherable.

With this system attention is called to cases by means of a note, made on some calendar, or more often by memory, and in this way it very often happens that action is not taken on the day on which it should be, and damage often results.

In order to obviate these disadvantages, there is here presented a system which is as easily handled as the

NAME AND ADDRESS	DATE OF CASE	CITY	STATE	COUNTRY	ACTION	JUDGMENT
John H. Farmer & Co. 299 Washington Ave. Q. H. Winters, driver - 1908 Clark St.	9/10	WASHINGTON	DIST. CO.	U.S.A.	Machinery delivered to factory at Bernardsville. Payment refused on account of alleged delay in delivery. Contract in file.	7/11. 20 Paid in full 2/7/09
9/4 Wrote Company requesting payment. 9/6 letter requesting settlement. 9/10 Winters set for 9/14. 9/14 did not settle. Wants work to decide. 9/20 Wrote threatening suit if payment not made. 10/3 Wrote stating suit was by the 15th. 10/16 suit begun. 10/30 motion to be argued. 11/6 Sub. Federal Winters and Cartwright. 2/9 judgment -						

Figure I

old envelope method, and which gives much better results. By its use all the information concerning a case is available at a moment's notice without the delay of searching in a vault, and with the ordinary amount of care no necessary action on a case can be overlooked.

Classes of Cases.—The matters which come into the legal department are of various natures, but may generally be divided into two classes—those in which the company itself is plaintiff, or at least aggressor, and

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those in which the company is defendant. These may be treated distinct from each other, if desired, but I have found it perfectly suitable to handle them in the same way. Accordingly, as each case is received in the department, a card is made out for it—a yellow card for claims against customers and similar matters and a white one for actions against the company. These cards contain spaces for the names and addresses of the parties to the case, the names of any other persons, such as witnesses, who may be involved. The nature of the claim is to be described in a suitable space and a prominent place is left for an entry as to the ultimate disposition of the case. Thus, by reference to the card, it can be told at a glance whether the case has been settled or not, and, if so, how.

Use of the Card Index.—These cards are numbered consecutively, and when made out are filed alphabetically under the name of the person involved. At the same time that the card is made out, an envelope or folder is taken, bearing the same number as the card, and all papers pertaining to the case are placed in it. These envelopes are filed numerically in a vertical file, from which they are instantly obtainable by reference to the cards, should it be necessary to consult any of the papers or insert new ones.

Filing.—As soon as the case is received, some action is taken, and a notation to this effect is made on the card. The card is then filed alphabetically, a computation made as to the date on which the next step ought to be taken, and a tab placed over that date in the list of numbers at the top of the card. As each step is taken, a note to that effect is made on the card, and the tab pushed forward to the next date when action is necessary. The back of the card is ruled, so that when the space available for entries on the front has been utilized, more information may be entered on the back.

Dead File.—When the case has been brought to some conclusion, a notation to that effect is made and the card removed from the live file and placed in a general case where it is available should any question arise

in the future, as it often does, concerning the adjustment.

By a rapid glance over the tabs, all the cases which need attention on one day, and for two or three days to come, can be located at once. In order to facilitate location of the cards, it has been found helpful to indicate ordinary claims by a black tab, justice shop cases by a red one, and cases in an upper court by a white one. Another valuable factor in this system is that only the live matters are before one at any time.

NUMERICAL SYSTEM OF FILING

The old style of filing correspondence was by alphabetical arrangement in flat files. These as they became full were stored with their contents. Unless the files were rearranged—which was a rare occurrence—they contained live as well as dead correspondence. For instance, when the file "Sa-So," was removed with its contents from the series, letters from the Smith Manufacturing Co. might be needed daily with no recourse except to either assort them and place them in the new file or refer to the stored file. Then, too, letters pertaining to and even coming directly from the Smith Mfg. Co. might be indexed under other letters and be overlooked when the firm's correspondence is assembled.

The Vertical System.—This system of filing letters, papers, circulars and similar matter is an improvement over flat sheet files, just as the card system is an improvement over books. It consists of a cabinet of drawers in which folders are placed on edge between guide or index cards. In the folders is placed the matter to be filed, there being one folder for each firm or subject.

If the folders are arranged numerically, which is advisable in almost every case, each firm or subject is given a number corresponding to the folder representing it. Guide cards with numbered projections to quickly catch the eye are placed at intervals of 10 or 20 and facilitate quick reference to any folder. In the best system, the cards bearing these numbers are

arranged either alphabetically, geographically or topically as desired by the user.

ADVANTAGES OF THE VERTICAL SYSTEM.

Quick Reference.—Any folder, and therefore all the correspondence, can be secured at once. Only an instant's consultation of the card index is needed and not even this will be necessary after the system has been in use for a short time, for the clerk soon memorizes the numbers. The latest letters are always on top.

Mistakes Avoided.—Numbers cannot be confused. Blurred copies are easily identified. Only transient correspondence—one or two letters from the same source—are arranged alphabetically. In some offices where only a very few letters are ever received from any one firm the entire arrangement is alphabetical.

Greater Capacity.—In the same amount of space double the number of letters can be filed. Old and useless matter is removed and new takes its place. There is no waste space on account of drawers filling irregularly, as one has but to shift excess folders and guides from an over-filled drawer to one with empty space.

Correspondence Not Scattered.—All correspondence from beginning to end is in one folder. Letters signed by different members or employes of a concern are all filed in the folder with the same number. Cards are made out for each so that the correspondence can be located with any of the names as a guide. Postal cards and small pieces are safe in the folders.

Copy Books Unnecessary.—Carbon copies are made, the stenographer noting the number on the letter, putting it on the letter written so it is duplicated on the copy and the incoming and outgoing correspondence are together.

Easy Reference.—By means of cards in the index, letters and papers may be indexed in so many ways that nothing can be lost. Letters of quotation, for instance, may be indexed both by article and by name. In taking up a subject, as an example, "Repairs on Engine-house," one folder can be devoted to this subject, and all the letters, plans, contracts, etc., pertain-

ing to this work can be filed in one folder, but be indexed by name, subject or in a dozen different ways in the card index.

Less Cost.—Capacity for capacity, not only the first cost but the subsequent expense for transfer cases is much less. The index cards may also be used for customers, sales or credit records, and as an index to orders.

BUSINESS ADVICE BY CAPTAINS OF INDUSTRY

The business man of to-day who deals with the larger problems of finance, law, trade, and the many other divisions comprehended under the generic term "business," makes no secret of the methods by which success was won. The successful man in a certain line—in common with the man who has not attained business greatness—is always interested in the sayings and advice of the Captains of Industry of our nation.

Following are given a number of synopses of the rules which were primarily instrumental in bringing those from whom quotation is made to the haven of success in business.

Elbridge G. Keith, President, The Chicago Title and Trust Company, says:

"I take up one thing at a time. When I lay a thing aside it is completed—completed as well as I know how. Doing one thing at a time, keeping at it until finished, and doing well, must bring success. To do things well means that a certain amount of time and thought must be upon them. What will allow the modern business man to put the most time and the best thought on the greatest number of acts each day? A system—a system which will bring them to his attention methodically—a system which will put such facilities at his command that they can be disposed of quickly and intelligently—a system which will put only a fraction of the work upon him (but that fraction the vital point) and carry out the rest accurately and efficiently. Some people perform the tasks that are

assigned them well, but they do not succeed. Why? Simply because they are doing just what they are asked to do—no more. It is the man who does a little more than is assigned to him who gets the position above when it becomes vacant. It is the man who does everything that he can find to do and does all these things well whose climb is constant; and he can only do those few things more than are assigned to him by using systematic methods in his own work."

Edward S. Lacey, President, The Bankers' National Bank, Chicago, says:

"The business world is like an immense plant of machinery where all parts must work in unison. In a plant this result is brought about by the application of mechanical principles and the perfection of mechanical devices. In business, smooth gradation of one operation into another, the turning out of a volume of work with no hitches or errors, must be accomplished through the application of system and systematic devices. There is another vital point of comparison between the mechanical and the business world. The great multitude of inventions did not come until there was a certain concentration of industry, which first established a closer relation between the different processes and then introduced new methods and devices adequately to handle them. In the same way, while the business world was a mass of smaller units, the necessity for system was not so apparent, but as business units increased in size, necessity soon brought about the adoption of systematic principles and methods. A big thing is merely a combination of many little things, but the little things are just as important as they ever were. And to keep watch over and carry out the little details requires the organization of a perfect system."

Thomas P. Phillips, President, The Federal Trust and Savings Bank, Chicago, says:

"There is no business success without system. From my own experience I should say there is no prospering business to-day whose success is not in some degree based upon systematic methods. Now, modern busi-

ness is so arranging itself that the business man occupies as distinctive and unified a field—a field requiring as much training and technical knowledge—as the lawyer or the engineer. A technical knowledge of and training in systematic methods and organization is the prime requisite in the education of the modern business man and these two phrases mean a great deal. They stand for low costs and decreased expenses, for accuracy and promptness, for time and labor saving, for efficiency and understanding. In the modern game of business two of the most important factors are initiative and will—which means the power to inaugurate and build an organization, and executive ability—which means the capacity for conducting a system. It is the man who uses system in his business, and therefore does business with least cost and with least effort, who shows the profit at the end of the year. And it is the man who uses system in his business, and therefore knows the details, who is able to develop his business to its greatest possibilities."

Edwin A. Potter, President, The American Trust and Savings Bank, Chicago, says:

"A thorough knowledge of the smallest details of one's business, well-directed effort in work, and the power to organize a business—these are the three foundation stones of success. In this day of great industries a thorough knowledge of the smallest details of a business could not be secured in the old way of knowing simply through the process of doing. There are too many details. The business man to-day must have facilities by which knowledge of them will come to him automatically. Well-directed effort means more than merely industry and hard work. It means that the worker must know how and where to apply his labor to the attainment of the best and biggest results. And the power of organizing and conducting a big business—executive ability—means the power to make all the small processes of the business dovetail into each other and work smoothly and efficiently. Through all these three essential factors of business success runs the thread of system. Knowledge of the details of a busi-

ness can come only from a system which will bring them to the attention of the business man regularly. The hardest work can bring the best results only if efforts are intelligently and systematically applied. The organization of a business can only come through the systematization of the smaller processes."

Henry Siegel, the founder of Siegel Cooper & Co. of New York, president of Siegel Cooper & Co. of Chicago, of the Simpson-Crawford Co. and the Fourteenth Street Store of New York, and the new Siegel, Cooper & Co. of Boston, says:

"System and organization are the controlling elements of any large commercial or industrial enterprise—the two reins by which the business bodies are guided. In nearly every sphere of activity are found the elements of skill, enthusiasm and enterprise—qualities that make for success only when they are applied in the right direction. Skill must be directed along proper channels; enthusiasm must be directed to specific ends; enterprise must be organized to meet certain conditions and to attain designated results. And in this co-operation—this working together for the benefit of all concerned—system reaches its highest function."

Henry C. Lytton, President of "The Hub," the largest furnishing store in Chicago, says:

"To what extent any business or other enterprise is successful is dependent primarily upon personality, the central figure in any line of activity. To what extent a personality is successful is dependent upon that personality's application of those policies and methods that serve its ends. A personality is responsible for the success or failure of a business firm largely to the extent by which he is enabled to organize and to control its forces—to install and apply the personal influence in his systems.

"I have never known of a great business success without a personality. I have never known of a great personality in business without a system."

Leon Mandel, President of Mandel Brothers, Chicago, says:

"There is probably no other single word in the language that better describes success than 'system.' The larger the business, the better must be the system by which it is conducted; yet whatever its size, system is the essential factor.

"Modern titanic business institutions have been made possible by commercial possibilities linked with system. System enables the head of a concern to hold the reins of management of any business; it keeps him in touch with his assistants, his sales, his stock, his customers. I have been methodical and systematic, that I might obtain the best results by the surest means and in the shortest time."

Isaac Gimbel, President of Gimbel Brothers, retailers of Philadelphia and Milwaukee, says:

"I install a system in every branch of my business—and follow up that system.

"The tendency of modern retailing is to simplify every detail of the work. This means neither too much recording—red tape—nor too little recording—carelessness; it means the happy medium that gets the greatest returns from the least outlay of time or money—system.

"System is a necessary servant, but a bad master. System must be operated—it does not operate itself. System economizes time, labor, expense; and the best system is that which effects the greatest economy of all three."

P. A. Conne, Secretary and Treasurer of Saks & Company of New York, London, Paris and Berlin, says:

"System means to a business what good tools mean to a craftsman. A merchant can do good work no more than a craftsman does good work unless he has the mechanical means. And the mechanical means of the business man is system.

"System means consecutive attention to all the essential and the elimination of all the unessential

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details. It is the means whereby the greatest amount of work may be done at the least expense of time, energy and money.

"System means knowledge versus guesswork, facts versus fiction. And system always means economy in the end, or it is no longer system."

Edward B. Butler, President of Butler Brothers, of New York, Chicago and St. Louis, says:

"The captain of industry of to-day learned in his youth that a mental plan was needed for any undertaking. Out of this planning grew his system; out of this system grew his success. I have never known a successful merchant who was not systematic. A great mercantile business is possible only when the minutest details are given their full measure of importance.

"The captain of industry must hold the helm; but he must depend upon his ship—system—and upon those who operate it."

Graeme Stewart, of the Wm. M. Hoyt Co., Chicago, says:

"To attain success in modern commercial life requires the perfection of a system for conducting business at the least possible expense and the power to put all the energy at one's command into this system.

"The process by which the energies of a business enterprise are directed toward specific ends—the system by which its powers and plans are utilized—are the fundamental factors in business building.

"To be successful a man must have his thoughts on his work."

Adolphus C. Bartlett, President of Hibbard, Spencer, Bartlett & Company of Chicago, says:

"After forty years of experience I am convinced that success in business depends not only upon natural ability, but upon a thorough preparation and training in improved systems and exact methods. This preparation is specially valuable in these later years when information about the organizations and methods of busi-

ness houses has become more general and competition more keen.

"The difference between a good and a poor preparation in business method is just the difference between system and carelessness, between success and failure."

Harry G. Selfridge says:

"More important than any one thing in the conduct of a retail business is organization. No matter how forceful the personality which inspires an establishment, how superior its goods or how efficient the individuals in its employ, organization is necessary to make them most effective."

L. C. Smith, of the Smith-Premier Typewriter Co., says:

"Success in the modern industrial world is largely a matter of organization; organization is a matter of system. All business undertakings must be operated under a thorough system to be successful. Each part must work in harmony, as a perfect system admits of no friction. Bring all elements into accord, else the desired ends will not be attained. And the means of bringing these elements into accord is system."

John H. Converse, of the firm of Burnham & Williams, proprietors of the Baldwin Locomotive Works, says:

"Success in the modern commercial world I attribute to knowledge of business; work; system.

"A successful man must know his business. He must apply this knowledge—he must work, and he must work to the best advantage. And to work to best advantage he must work with system.

"Much energy is lost because it is not applied systematically."

Andrew Carnegie, in "The Empire of Business," says:

"The secret of success is a simple matter of honest work, ability and concentration. There is no question about there being room at the top for exceptional men in any profession. Your problem is, how to get there.

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The answer is simple: conduct your business with just a little more ability than the average man in your line. If you are only above the average man your success is secured, and the degree of success is in ratio to the greater degree of ability and attention which you give above the average."

Russell Sage, as quoted by the New York World, says:

"To the young man of to-day who wishes to get on, I would say that the common rules of success are simple ones. Be faithful to whatever trust is in your keeping, be industrious and frugal, and you cannot fail."

George W. Ogilvie says to the young man starting out:

"If you need the money, take any kind of a job you can get and do your very best. You may be successful at first; at any rate, it will take your employer a week to find it out if you are no good."

John Wanamaker's advice to young men is:

"Do not hesitate to branch out; learn; observe; be honest and upright, and you will not fall short of success."

Similar advice to the foregoing has been given by others prominently successful in the history of our country. Philip D. Armour, Marshall Field, John D. Rockefeller and Alexander Revell emphasize one or two points more, perhaps, than others, but all successful men have the same formula: "Well directed work wins."

BOOK IV

MARKETING A PRODUCT

A product once made, there seems to be a conspiracy against selling it. Small wonder, then, that the problem of marketing a product is one which attracts the brightest minds in business. Outside of management—which has been spoken of on a preceding page—there is nothing in business so important—so much in demand as the ability to market a product.

This is true because every business has to have a market. Lack of market will bankrupt any organization. Therefore marketing is the master problem of business.

The New Meaning of the Term, "Marketing."—On the sales department of a business formerly was placed the entire marketing problem. Too, the term "sales department" was restricted in meaning to that division of business intimately connected with sales. By the term "Sales Manager" was meant the one in charge of the salesmen on the road. Now the work of the sales manager and his department is extended to cover everything which affects sales. The marketing problem has extended until it includes the credit department, which judges a sale; the complaint department, which may handle it at one stage, and the collection department, which finally disposes of it. But the essence of all marketing is found in the making of the sale; in actually inducing the prospective customer to place his order. Any part of the marketing problem which affects this is important, but not so important as the actual sales-getting.

THE SALES CAMPAIGN.

When it is found necessary to sell a product there must be some definite series of plans by which sales are to be made. These plans make up what is com-

monly termed a sales campaign. Such plans may be made in outline; they may be worked out to the smallest detail. Obviously, where every possible means is to be used in making sales it will usually be preferable to make an outline of the scheme and fill in the details as far as possible. How far this will be possible will depend greatly upon the size and certainty of the plan which is to be pushed. A dealer with limited capital who wishes to exploit a new product will necessarily be unable to do much more than make a broad outline of the things he expects to do, and the general means by which he helps to accomplish them. On the other hand, take the case of a large industrial in the jobbing trade. Suppose this to be a leading wholesaler of all kinds and grades of tobaccos. This huge industrial, having ample capital and far-reaching trade relations, decides to go into the retailing business. It is possible for such a concern to plan a campaign in detail for a year ahead. This campaign they can carry out as planned, for they have the trade experience from which to draw in making trade plans and the funds to put these plans in execution.

Trying Out.—Business is uncertain. This uncertainty has brought about the use of methods the object of which is to determine whether or not a plan under consideration will pay. This is known as "trying out." The general scheme of try-outs is simplicity itself. Instead of risking a large sum on a venture of any kind, as small an amount as possible will be hazarded for the purpose of trying how the "paper plans" materialize. If this test results favorably it is probable that the entire scheme may be made to go. If it fails it means that the plan must be remodeled.

Try-outs may be applied to schemes in general, but more commonly are used to determine the relative pulling powers of circulars, letters and advertisements.

Trying Out a Scheme.—The ordinary method of trying out a scheme is as follows: A manufacturer may have a line of goods which he has never pushed, but for which he thinks there is a sale. He will make up enough of these goods to supply a small territory and then proceed to work that territory with the means that

he has at hand. He is not able, of course, to do extensive publicity advertising or advertising for anything but direct sales in this territory, but he can use every other method of trade-getting that there is known. He may circularize the place, distributing samples, send out letters, co-operate with the dealer and use every means possible to work up a demand except conducting a general publicity campaign. Experience in the marketing of his regular product will help him in determining whether the results are such as to put his new product on a profitable basis.

Sure Schemes.—This method of trying out a scheme is the opposite of that used by a large manufacturer or jobber, who has the money and who knows that his product will succeed. When the promoters of Uneeda Biscuit started out they did not need to make any try-out, for they were satisfied that the scheme was all right and that it would pay. To quote a later example, when the same firm which had made such a success of Egg-O-See decided to put out their Egg-O-See Corn they did not need to make any try-out in a limited territory, for the experience of the promoters and the field for the product made it sure that the marketing would be a success.

For a large manufacturer or jobber there is one thing to be remembered, that the try-out does not get the impetus that a campaign does. As a general thing, a sales campaign will not reach its "gait" until everything has gotten to running smoothly. In a try-out campaign the employees who are handling it cannot become thoroughly accustomed to their work; then each may not have the faith in the product that the promoter does; finally, unforeseen obstacles are all the while coming up. This explains the reason why in marketing a product that so many times it is necessary to put a great deal more money and energy into a campaign than was originally planned.

Small Methods of "Trying Out."—Correspondents, advertising and circularizing afford the best tests for a try-out. Where a regular plan is used in marketing a product it is often thought advisable to test the different mediums and the different styles of advertising in order to get variety. For instance, a firm has always

adhered to the announcement style of advertising and now wishes to test the pulling power of "reason-why" copy. The new series of advertisements properly keyed will be placed in the different mediums and the results closely watched; if there is a marked gain or a marked falling off in returns on the adoption of the new copy, it may be considered certain that the new plan of advertising is either better or worse than the other.

Testing Forms.—Not all form letters which are put out are bound to pull. Even letters written under the same conditions, by the same man and advertising substantially the same goods, may not get at all the same amount of returns. The common method of testing a set of form letters is to work up a number—say from five to ten—these to be written along somewhat different lines, have different introductions, introduce different talking points, have the demonstration and close different. When the list is divided up and the different forms sent to the different sections of the list it will be found that several of the letters will pull much better than the others. It is not always possible to tell exactly what makes these letters pull, but as a general thing, it will be found that some introductory paragraph has been instrumental in getting returns. Either this or the talking points which have been used in one letter have proved more persuasive than those used in another. Sometimes it is best to take one of the letters in its entirety and abandon the rest. Other times it is better policy to select three or four of the best pulling letters, take the best features from each one and combine them in one letter. Often series of try-outs of this kind must be re-arranged covering a period of two or three months before a master letter is obtained.

RETAILING—"SELLING OVER THE COUNTER."

On what does good retailing depend? Even the retailer who is making a good profit asks himself this. For were his business to conform entirely to the requirements of good retailing, a greater profit might be more easily and surely made. No business is so good

but there are weak places in it—spots which might be improved—leaks and losses which might be stopped. These drains might even be made the strong points of the business.

Good retailing depends upon certain elements. These factors are just as determinable as are the parts which make up a building—which, rightly planned and put together—is a perfect structure.

The efficiency points in a good retail organization are five in number. The business should have a good location. It should be able to buy right. It must be able to sell. It must run with economy. Lastly, it must deal with finality with those special problems which are peculiar to the retail field.

It is not possible to tell surely in advance whether a given location is suitable for retailing. Were it, retail failures would be cut down half. Many exhaustive and interesting discussions have been thrashed over on the one subject of location. "Which has the greater number of advantages—the city merchant or his country brother?" The country retailer views the vast throngs on the crowded thoroughfares of the city and mentally compares them with the scattered customers in his home town. He forgets the high rents, taxes and overhead charges of the city man. The city dealer who sees the small business of the country expand in a few years to a department store—while he is having a hard fight to protect what trade he has—is liable to sigh for a berth in Opportunityville.

Relative Advantages of Various Locations.—A leading retailer who has a string of country and city stores, some twelve or thirteen in all, and who has an opportunity to compare the desirability of the two kinds, says on this point:

"The surest success in retailing for a young man having a fair amount of capital is, in the order of opportunities offered:

"(1) A progressive country town in a growing locality having a steady stream of satisfactory immigration.

"(2) A small town, where by progressive methods the main business of the town might be done, so as to shut out local competition.

"(3) A growing suburb of one of the ten or fifteen largest cities in the United States.

"(4) The down-town district of any large city (only if capital and credit are sufficient to carry the business through unexpected emergencies)."

The Growing Country Town.—The retailer above quoted gives strong preference to the growing town in a progressive community. "Boom" towns, of course, are to be avoided—new railroad towns particularly—because of the demoralization of trade by inexperienced retailers. This condition is one that is bound to exist in the too new towns of any old or new territory. The reason of this is: A new town is entirely in the formative stage. Many of its business men have had little or no experience and expect to reap large and immediate profits. They are not used to buying, so they overstock. They are not used to selling, so they use little judgment in marking goods. This of itself tends toward trade demoralization, but when bills become due—when the amateur merchants begin to find there is not the quick clean-up they anticipated, there is liable to be further demoralization coming from forced sales in order to realize money.

Uncertainty of New Towns.—A section of territory which illustrated perfectly such a condition was that of southern Minnesota and western South Dakota in 1900. Upwards of seventy-five new towns went in on new lines of roads in this territory. Perhaps 40 per cent of the businesses starting in these towns were managed by men of little experience, and whose business judgment was not up to standard. As a result many of these men not only lost money themselves, but prevented others from making it. Not until a few years had shown the resources of the town, and business had got down to a more stable basis did the bulk of the retailers know where they stood. Were it not for these described conditions, a new town would be an excellent place for a location.

How Immigration Affects the Location.—The kind and trend of immigration is to be carefully viewed in considering location. Once the flow of immigration to a place commences, it commonly remains constant for a

considerable period. This immigration may be foreign and of a class that is made up of poor buyers; it may be of home stock and having new-world habits of purchasing. This must be considered. Then the incomers may be of nomadic habits, stopping only a little time in one place, often leaving debts which are either uncollectible or to be collected only at a considerable discount. Then, too, a district on account of climatic, social or real estate advantages or disadvantages may get a superior or inferior class of settlers. While it is impossible to forecast heavy migratory moves like those to Texas and South Canada, yet the ordinary steady drift to or from a section may be forecasted with reasonable exactitude.

Need of a Progressive Class of Settlers.—Progressiveness is a quality which is often overlooked in considering a location. Are the people progressive? is a question upon the answer to which depends the eventual success of the retailer. For if the community is unprogressive, the retailer's is bound to be an uphill fight. A community of retired farmers—as an instance—should be avoided like a pestilence. Certain nationalities noted for haggling habits and a strong tendency to retain old world methods of economy never make good customers.

Then, too, it must be remembered that the railway and real estate agents create an artificial excitement which tends to make trade conditions seem better than they are. These conditions are pictured as ideal—a condition that never exists.

THE SMALL TOWN—ITS ADVANTAGES AND DISADVANTAGES.

Towns of a few hundred inhabitants often present the feature that the first comer in a line practically shuts out competition, having the field to himself. Such a field is placed second in the list of desirable locations; it is restricted but sure.

Small Town Advantages—and Disadvantages.—The advantages of the small town are: No heavy taxes, small insurance rates (particularly if the building be

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brick and detached); no call for heavy outlay for advertising or selling expense; small loss from change in styles and stock depreciation.

The disadvantages of small town retailing are, for the greater part, those which come from the small area from which to draw trade. Town trade will form but 5 to 20 per cent of the total sales—country trade must be relied upon for the remainder. Only a certain monthly sales-average can possibly be reached. It is not possible, no matter what the inducements made, to get the yearly sales-total beyond a certain figure.

Another disadvantage of such a location is that sales are too intimately connected with courses outside the control of the retailer. A crop failure means a corresponding loss of trade—or what is nearly as bad—the option of carrying a large bulk of accounts, all of which are bound to be slow, and many uncollectible. Where a country area depends upon other operations, as stock-raising or lumbering, what effects these lines unfavorably is bound to show on the sales summary of the small-town retailer. These risks, however, are growing fewer from year to year, and more exact information on them, where they do exist, may be obtained with relative ease. Comparative crop reports; stability of yield of any region; tons of mining output—are all matters of record and are to be consulted with little expense.

The point in a small-town business is here: The retailer—hazarding all his eggs in one basket—should be sure that the basket is a stanch one.

SUBURBAN RETAILING—THE ADVANTAGE IT OFFERS.

The great advantage of suburban trade is that it is constant and for the greater part cash. The disadvantage is that the suburban retailer is subject to "big" competition of the city to which he is adjacent. Between this great advantage and the big disadvantages are a host of conditions affecting one line one way, another another. The suburban dealer is near his buying market; he can buy close to his needs and can keep in

actual touch with price tendencies and often take advantage of other conditions favorable to buying. This same close-to-market condition, combined with cash sales, makes it possible to run a business on a relatively small capital. The dealer is able to keep a minimum line of stock on hand, and by taking 30 or 60 days' time and making a quick turnover, finds that the only advantage of capital is that he is able to take his discounts.

A unique advertising campaign often will divert a great deal of custom that might go to the city stores. Being in close touch with customers, the personal appeal may be made with effect. All the local appeals of the country dealer against the catalog house may be used with their variants; the dealer may use the "home dealer" argument to make a powerful appeal.

Meeting Small Competition.—Small competition—on the other hand—is more insidious and more difficult to meet. Suburban districts are especially attractive to small businesses. Such stores are usually made a family concern; there is little expense for clerk hire; regular hours are not maintained, the store opening when trade is liable to begin and closing only when no more trade is to be had. This makes competition which is hard for the regular dealer—hiring help which demands stated hours—to meet. The city also is a powerful competitor in securing help—there is a dash and excitement about city work which attracts regular workers and leaves a restricted supply of labor for the suburban dealer. The retailer who is so situated or who can so shape his businesses as to get suitable labor and meet more powerful city competitors, can build up a safe, conservative, satisfactory business.

RETAILING IN A DOWNTOWN DISTRICT OF A LARGE CITY.

The men who have built up a successful retailing business in a downtown city district, without ample capital, may almost be counted on the fingers of one hand. Those who have made the effort, number thousands. Many fail outright; more build up a business

only to sacrifice it to someone with capital waiting for such opportunities.

Advantages—and Disadvantages of City Location.—The great advantage of the city business which has been referred to before is volume of trade. The trade is to be got; it is all a question of getting. Emergency cash is also available. The banks or brokers on the one hand, and reduction sales on the other offer a means of quick financing probably nowhere else so available. But in order to live, the retailer must do a certain volume of business daily or monthly. Rents are almost prohibitive and subject to constant advance on account of overbidding. The great problem of shifting trade is constantly with the city dealer. In many business districts trade shifts week by week—almost hour by hour—becoming better—or worse almost while it is being studied. Outside influences commonly control this. A new office building, the construction of which takes six months or a year, may be put up alongside an established and paying business. This means that the “drop-in” trade attracted by window displays is practically eliminated. A department store may enlarge so as to accentuate competition not felt before. An entire line of trade may suddenly take up methods of business promotion which had been featured by one concern, and business worked up along that line may be dissipated in a short time. But building and readjustment conditions are perhaps the next common reason for immediate shifts. Other causes work slower. Trade slumps, however, once started, are deadly in their rapidity. In the haste to get sales to cover, the financial end of the business may suffer.

Buying from a Near Market.—The benefits which come from nearness to market are discounted somewhat by the buying power of cash in large sums. In a city full of buyers, the buyer who has a reserve fund of ready cash can outbuy the dealer in ordinary circumstances. This means that the dealer who has to buy on long time must be at a discount in his purchasing. The ideal city buying system exists where a dealer may go into market with spot cash and get his purchases on the shelves the day of purchase or the day following.

Summary of Advantages of Different Locations.—In comparing the various locations, it is seen that the ability of the retailer and the financial support that he has help solve the problem of location. Known promotional and sales ability, coupled first with knowledge of the line; and second, with ample backing, fit a dealer for city ventures. As each of these factors is known to be less, the dealer should limit his efforts to the various other fields. Actual fields are comparatively few; potential fields are many. The proposition is right when the man is right and the backing is right.

HOW TO SOLVE THE PROBLEM OF RETAIL BUYING.

The second great factor upon which good retailing depends is that of right buying. The first meaning that is brought to mind by this term is synonymous with "close buying;" "buying cheap." Because the buyer has from time immemorable worked to hammer prices down to the lowest point, that is no reason why this is the only point of view from which purchasing should be approached.

The professional buyer who devotes himself to nothing else has a different field than the ordinary retail buyer. The former is a commercial engine for getting low prices. The department heads keep him posted as to their requirements and his sole function is to purchase. The retail buyer usually is the proprietor or owner. His is the problem to determine what stock it is advisable to buy, as well as to get a low price on what is bought. It is a double-barreled problem.

Judging Probable Demand.—The retail buyer first of all judges the probable demand—as nearly as possible. The records of past sales in all cases form the basis for this estimate. Not what ought to have been done, but what was done is to be counted. The percentages of increase and decrease on department and line sales make a good buying barometer. Consid-

eration must be given to the relative sales strength of the different departments of the business, if the business be departmentalized.

Buying for a Quick Turn-Over.—By the new meaning of the term "close buying" is meant buying close to demand. A dealer who has been very successful in turning his stock says on this point:

"The secret of good retail buying is found in shortening the time between purchase and sale, down to the lowest possible point. 'On and off the shelves' should be the retailer's motto—and should be sedulously borne in mind. Each item of merchandise has an average period—the time it normally occupies in the store between its receipt and sale. When an item exceeds its average time in stock it commences to lose money for the owner. This is as true when it is one of an assortment the rest of which has been sold, as when it is an individual item. For the profit on the rest of the assortment has been taken and none of that profit should go to the credit of the remaining item.

"Right here it is necessary to figure. An oversupply of left-overs means poor buying. Is there such an oversupply? This determined it decides the question of whether the stock was well bought or not. The left-overs is an infallible index—to the kind of buying—granted, of course, that the sales department has done its share."

Different Methods of Buying.—Different buyers employ widely differing methods. A stock of goods may be bunched into a few big orders or scattered about among a large number of suppliers. Each method has its advantages. Where a buyer ties up to two or three leading houses, these firms generally see him through on his proposition. With their heavy capital and large interests they are able to protect the buyer who bulks his trade with them. They are also able to give steady patrons the benefit of the market on regular deals, and can often advise them of "snaps." The buyer who shops around cannot claim these favors.

"Buy where prices are the lowest," is the motto of the dealer who divides his trade. By tying to no one house or set of houses and by thoroughly canvassing the mar-

ket for bargains by the buyer who "splits his lines" often offsets the disadvantages which come from diversified buying.

Buying of the Salesman.—The old idea that the salesman is an adversary from whom concessions are to be wrung only by superior strategy is being rapidly abandoned. The good salesman now aims to co-operate with the retailer in keeping the business on a paying basis. Any good salesman prides himself on protecting his trade. He knows that nothing would hurt the permanency of his future business more than "loading up a buyer."

A good method of keeping in touch with the stock prepares the dealer for the salesman's visit at any time. (Such a method embraces a daily sales record and summary and some form of perpetual inventory.) The inventory and want book form a basis for buying, showing the best sellers and slow movers.

The good buyer continually impresses on the salesman that he wishes goods that may be quickly turned; that he wishes further to take advantage of the salesman's experience, and finally always treats the salesman with the same courtesy and fairness that he would expect himself.

THE SELLING END OF THE BUSINESS.

In order to live the retail business must sell. Nothing can take the place of the sales end of the organization. The accounting department may be behind for weeks; the buying department may exercise poor judgment; even the finances may be subject to actual mis-handling and the business still live. But when sales stop the entire business stops. A retail business without sales is as inconceivable as an engine without motive power. Yet the orderly study of sales is of recent growth. It began in the highly organized city stores where—owing to the necessity for specialization—the numerous factors of trade promotion were reduced to a workable basis.

Retail selling has two broad divisions, reaching out for trade—attracting the customer; and handling trade—

satisfying the customer. The first division rightly uses the following methods:

- (1) Advertising,
- (2) Circularizing,
- (3) Distribution,
- (4) Price Lists,
- (5) Personal Solicitation,
- (6) Display.

"Ready-Made" Advertising.—The problem of retail advertising has been automatically solved by many retailers who use advertisements prepared by the jobbers from whom they buy. A typical advertiser's service of this class is maintained by the Buck Stove and Range Company, of St. Louis. The object of the service is, first, to furnish such advertising as will sell more stoves; second, to get the dealer on the right advertising track so that he may sell more goods of every class. The first is directly productive of results; the second is indirect, as the dealer who makes a success of general advertising campaigns will work up a better business and will feel grateful toward the house which has shown him how to do it.

Advertising service of this class supplies tested advertisements which have a result-record. It furnishes copy, cuts, dummies and instructions for selling. It gives instruction for following up and handling the trade which comes from advertising; in fact, all points for boosting trade are covered in full.

The advantages which come from this method of advertising are many. First of all, a manufacturer or jobber spends a great deal of money on experimental advertising and comes to learn—as exactly as can be learned—what methods in advertising will pull and what will not. Maintaining a large force of experienced writers, these men are able, because of their experience, to get up much better advertising than the average dealer. Then, too, the matter of time is a considerable factor. Even were the dealer able to write good advertising, his time is taken up with other matters and he would either be obliged to have a man who could do that class of work or take his own time from the needed work of the store.

Where for any reason advertising service is not open to a dealer he may by keeping in touch with advertising, business and trade magazines; and, by preserving his own advertisements as run from time to time, form the basis from which to work up his daily or weekly advertisement. The disadvantage of this method is that it is imitative, and being blindly done the ad-writer is liable to work hit-or-miss fashion. When advertising written by the imitative method pulls, the one writing may not be able to determine the reason. When advertising matter is written from principles instead of by imitative methods the advertisements' pull may be duplicated because of a knowledge of the principles on which the advertisements were based.

Where a concern is large enough, it is necessary to give the advertising over in detail to the advertising man. To get results, it is necessary that the advertising man be a fluent and capable writer; that he have a good knowledge of the goods—preferably from actual work in the line; that he be schooled in salesmanship methods; and finally that he be supplied with information from the various departments of the store, which are to be advertised. Sometimes it is possible to have a department head or other employee take care of the advertising—this to take only a portion of his time.

THE USE OF CIRCULARIZING IN A RETAIL BUSINESS.

Perhaps no method of reaching for trade is so badly abused or so neglected as circularizing. By this term as used here is meant, of course, the stimulation of trade by sending circular letters to a list of names. Circularizing is simply salesmanship in one of its varied forms. That this is not fully realized is shown by the fact that many dealers who are wizards behind the counter and who can write a pulling advertisement, are content to send a cheap printed or process letter—generally in announcement form—to their customers. Circular sales campaigning calls for just as much diplo-

macy and tact as behind-the-counter selling—more, in fact, because the letter is in cold print, and as such is subject to the scrutiny and study of the prospective buyer.

One of the many reasons why circularizing has been unsatisfactorily done is because methods have not been employed which admit of keying. A dealer who has just lately taken up circularizing in connection with keying methods says on this point:

"Our customer list runs to about 3,000 to 4,000. We had been in the habit of saving up the circulars sent us by the various suppliers and bunching them together and sending them out under one-cent postage. Sometimes we accompanied them by an imitation typewritten letter without address and fill-ins; occasionally we made the letter more nearly personal by an inside address and filling-in in two or three places, the name of the person addressed.

"We could only trust that these methods were 'getting the business'—we had no proofs of it. There was no sudden influx of business after the circulars were sent out—practically no customers ever referred to their having received them.

"We decided to use the same methods in soliciting business by letter that we had used so successfully in making personal sales, so we worked it this way. The head of each department in rotation was given a week to put out a sales letter. This letter he was requested to make personal to make it an informal talk if he did not feel qualified to write a traditional form letter. Each man was advised to study the different methods of keying and apply one of those methods to his letter so as to make the business traceable. Ordinarily this was done by making some concession, discount or other inducement to a customer or prospect to bring in the letter when he came to the store.

"These methods resulted in traceable business. It was found that almost any personal letter would pull when well gotten out along salesmanship lines. The best results were from letters closely imitating typewriting, having a pen signature instead of a rubber stamp, and signed by the department head. (Some dealers fear

to give employees too much prominence in soliciting trade for fear they may become competitors. Our experience has been that such men make the best competitors. Having been treated 'right' when with the old house they have no 'grouch' to satisfy should they ever go in business for themselves.)

"The matter of lists was taken care of in this manner:

We had kept a more or less perfect list of customers, having come by this list in two ways. Charge customers showed on the ledger. We knew the names of 90 per cent of the remaining customers.

"On ordinary cards such as are sold by any card supply house, were listed—as far as possible—the name and address of every customer the store had sold in the past and who had not since moved away. Columns were left for future years' business. These cards formed the nucleus of the list. Then the county map, having the names of every land owner in the county was consulted. Circles designed to show all residences within 5, 7½, 10, 12½, 15, 17½ and 20 miles of the store were drawn. Then the cards were sorted, as it would be necessary to make greater concessions to distant trade.

"The 'prospect list' we got from three main sources. The map referred to listed land owners—not renters. Renters' names were in the county directory—also on the personal tax list at the County Auditor's. We had no difficulty in compiling a list of every man in the country who ought to buy from us. In order to verify this list and get names spelled right we submitted it to several business men in the city, not competitors of our line. These men verified many of the names, identifying several as 'slow pay,' added a number to the list and changed the spelling of many foreign names, with a view to the fact that every man is more influenced by a letter which bears his name as he himself habitually writes it.

"City names were more easily compiled. The voting and tax lists and the directory were used and the city list was quickly put in shape.

"Unfortunately our list of cash sales could not be apportioned accurately, as we had never listed the names

of the buyers along with their purchases. The correction of this oversight was provided for in the future by noting the name of cash purchasers on sales slips, arranging these slips alphabetically and posting them at leisure on the customer's card.

"Such circular letters as were to be put out were designed first to increase the total purchases of those already buyers, and next to get prospective buyers into the store, to make them customers.

"Before carrying out any of the projected circularization plans, we called together our sales force and several friends, with one main purpose in view—that of getting as accurate information of each customer and prospect as possible. This information-meeting was productive of the best results. Scarcely a card did not bear some bit of concise information when the session was through. Special care was taken to designate those customers and prospects who were the center of 'interest-circles' who—when they bought extensively at one store—brought other trade with them. The get-at-able side of each prospect was thoroughly studied.

"Try-outs we did not use. In a retail business, time of year, the weather, special bargains, and like conditions affect returns heavily. In fact, the try-out is not ordinarily adapted to the retailing business.

"Results were estimated from letters sent to the list by crediting all keyed business to the letter. Also new business—where it was not advisable to insist on tracing it too close—was also so credited.

"The results—particularly on new business—were very satisfactory. The new customer list was increased about 18 per cent, 90 per cent of which was directly traceable to circularization."

RUNNING A RETAIL STORE WITH ECONOMY.

The retail store must be an economical machine. It must be able, once the goods are bought, to handle them economically and sell them at a profit. While the machinery of retailing comprehends every part of

the organization, yet the section under this head will deal particularly with those items which are not generally figured by the average retailer.

There is a big discrepancy between the price for which an item is sold and the price at which it is bought, that is not profit. Only after the incidental and overhead charges have been deducted and all other items of expense accounted for, can what remains be called "profit." This statement is not as obvious as it appears on the face of it. Many a retailer is letting some obscure cost items get away. He is not charging enough against the cost of handling.

There are three sets of costs, which assembled, make the final cost to buy and sell. The first group includes the supplier's price for the goods and all expense up to the time of placing them on the shelves. Second, is what may be termed "stock" charges, consisting of all charges which may be brought against the stock, once it is placed. Lastly are the "building" charges, embracing all charges which may be brought against the building in which the business is conducted.

Items of First Cost.—There are commonly four items embraced in first cost. These are as follows:

- (1) Invoice Cost,
- (2) Freight,
- (3) Drayage,
- (4) Marking and Placing.

Invoice cost is the basis on which all other costs are figured. It is the price which is paid for the goods after the discounts, if any have been deducted. To the invoice cost must be added the freight or express charges, to get the goods from the supplier to the depot. Drayage charges embrace those charges which are necessary in carting the stock from the depot to the store. Lastly are the marking and placing charges. Goods must be unpacked, must be marked for sale and must be placed upon the shelves before they can be sold. Then the summarized cost of all operations up to the shelving point is really the basis on which should be figured all other costs. This means that

the dealer who figures his selling prices on the invoice cost alone, is letting three items get away from him.

Stock Cost.—First of all, the cost to be taken into consideration as affecting the stock, is that of depreciation. This may be little or nothing, or it may be a considerable item. In a hardware store, handling non-perishable goods, which are salable at all times of the year, the average depreciation on a stock would not be more than two or three per cent. On a stock of green goods, often handled by grocers, the depreciation at certain seasons of the year might run as high as fifty per cent per day. Between these two extremes lie the correct depreciation figures for other stocks. It is of great importance that the correct unit of depreciation be taken. If it is too little it may mean that there is an apparent loss on the goods as sold when there really is a profit, the profit having been charged off to the depreciation. On the other hand, if the unit of depreciation is figured too high, it means that there may be a loss when there seems to be a profit. So the depreciation table should be drawn up with care. It should embody the results of the retailer's experience in the locality where he is handling the goods.

Depreciation is not to be confused with "percentage of non-sales." Every business is bound to have its left-overs. On stock running both to sizes and qualities, the percentage of non-sales may be large in bulk. In stock not running to sizes and qualities, the percentage of left-overs is bound to be small. Whatever this percentage is, it should be figured definitely and should be charged against the stock.

Shrinkage.—Shrinkage of stock—either on the shelves or in warehouse or storage—embracing loss by leaking or breakage is probably not a form of depreciation, though it may be figured as such. Depreciation deals with the loss which comes from age—through a stock going out of style and the like. Shrinkage, leakage and breakage have more to do with handling the product.

Insurance.—Insurance is one of the charges which must be reckoned against the stock. Unlike the other

items before spoken of, it is commonly charged against it and is not one of the factors which is liable to be overlooked. Insurance on the stock and insurance on the building should be kept separate. This is not commonly done. The insurance charge on both building and contents, where building is owned by the retailer, is commonly lumped together and charged off as one item. Insurance on stock is one of the charges which applies to stock alone. The fact that the building has to be insured has nothing to do with the cost of the stock, except as put in under building repairs.

Taxes.—Taxes is another charge which is to be reckoned with, but the subject presents no unusual difficulty, either in finding or apportionment.

Contributions by the Retail Dealer.—Every retailer is subject to constant drain on his smaller finances from both out-and-out contributions, and from purchases of tickets to entertainments, dances and the like. These demands vary in many cases from actual "hold-ups" to good business expenditures. Many dealers charge them to general expenses, but a better method is that of calling all contributions a stock charge and apportioning it as such.

After the determination of stock charges it is necessary to apportion them. There are three methods of apportioning these charges. The first is that of taxing the stock as a whole. The second method is that of spreading it over the stock, but apportioning it differently on different classes of goods. The third method is that of charging specific items with such amounts as it seems that they should be charged with. Each of these methods has its advantages.

The first method, that of apportioning stock charges over the stock as a whole, presents no bookkeeping problems and calls for little care in the work of doing it. On a \$20,000 stock on which the stock charges were \$1,000 each dollar of stock (figuring on the cost price) would bear five per cent stock charges. The disadvantage of this method is that while it is equitable for some classes of stock, it is not for others. If the depreciation for instance, on an entire stock, is one per cent per year and the depreciation on some items is

fifty per cent a year, and on others, practically nothing. It is obviously not fair to weight down the low depreciating goods with the charges which ought to be put against those which depreciate rapidly.

Apportionment on Class of Stock.—A better method than that outlined above is that of classifying the different kinds of stock handled, figuring what percentage of burden each different line should bear, and then apportioning the charges accordingly. Whether or not this makes too much work to be practical, depends entirely into how many lines the stock is classified. In a department store this might run into a large number of classes. In a store handling pretty much a uniform quality of goods, two or three classifications would be sufficient. This would make the apportionment of cost a very simple matter.

Apportionment on Specific Items.—Some few dealers find it practical to go still further and make an apportionment of stock expense on specific items, but this is seldom carried to extremes. What generally may be done to advantage is to select certain hazardous items, which—because of their nature—are more liable to stock charges than others. In a store having a large assortment of different lines, certain items might both depreciate and be subject to a large percentage of non-sales. These items should be made to bear their proportionate burden; the remaining items of stock—not subject to this expense—should not. Apportionment on remaining items may either be divided or be made by the blanket method. Unless the accounting department of the business is very accurate and resourceful, however, these methods of figuring and apportioning stock expense must be very sparingly used.

Building Expense.—Stock expense has been defined as that expense which is directly chargeable against the stock. Building expense includes those items of expense which are chargeable against the building in which it is necessary to transact the business. These expenses are very simple and not liable to be overlooked. The first expense is that of rent of the building. This may be or may not be charged when the building is owned by the retailer. Practices differ in re-

gard to this. In some cases it is customary to charge up a rent expense, this being the nominal rent which the place would afford were it leased to other parties. Sometimes this rent item is not disposed of in this way, but is considered as part of the legitimate profits of the business and handled as such.

Heat, Light, Insurance and Similar Charges.—The charge of the heating and lighting is made as part of the building expense; insurance and taxes on the building is also properly charged here. There may be one or two other minor items, such as power, if an elevator is used, but usually these are uncommon.

Applying Expense Items.—The sum total of all items determined under cost expense, stock expense and building expense brings the cost of marketing the product up to the point where the sale of it is to be made. If to this the cost at this point is added the cost of selling, the difference between the amount received and the list cost will be the profit. Take a specific item for instance, an item which costs on invoice 85 cents; if it costs 15 cents for freight, unpacking and placing on the shelves, then the expenditure up to the selling point is \$1.00. Previous records have established an average cost of sale, "usually about 25 per cent; this additional charge will bring the item up to \$1.25. This amount, \$1.25 is then the cost to buy and sell. Everything obtained above \$1.25 is, therefore, profit. The chances to make profit lie, therefore, in two places; first, in the ability of the sales department to dispose of the goods at a saving over the estimated 25 per cent; and second, to obtain more than \$1.25 for the item. Were the item to be marked for sale at \$1.50, the profit would be 25 cents, plus the amount that could be saved on the sales cost.

Sales Cost.—The cost to sell in retailing is made up of the two divisions, direct cost, embracing clerk hire, and indirect cost, which embraces advertising, supervision of help and collections.

Where a store is departmentalized, it is possible to compare the relative selling expense of the different departments. This expense will depend considerably upon the kind of goods handled. Where items are small

and requiring a great deal of work for each dollar of sales, the charges for clerk hire will be large. Where items are large and sold at a considerable profit, the charges for clerk hire will be relatively small. This is very noticeable in a departmentalized business. It does not show in a business having a few clerks or in a store where the clerks wait upon the trade in different departments.

Indirect Sales Charges.—Indirect sales charges of a retail business are those which have to do with advertising, supervisory, accounting and collections. Usually the advertising charge is the largest. All charges for advertising of whatever kind, where the local advertisements run daily or weekly in the newspaper or circulars or price lists, are embraced in the advertising charges. Supervision charges embrace those charges for superintending the help in the various departments. Accounting and collection charges are perhaps best considered as a part of sales, though in some cases those charges may be spread over the entire remaining items of expense.

The management of a retail business in dealing with this class of costs, the danger is not so much that the items of the expense will get away, but that they may be wrongly placed.

THE PRINCIPLES OF BUSINESS-GETTING DISTRIBUTION.

Thousands upon thousands of dollars are spent by suppliers, on advertising matter, samples, hangers, almanacs. It can never be ascertained just what part of this expenditure is wasted—perhaps one-half would be a conservative estimate. A great part of this loss comes from matter wrongly planned and gotten up. As great a loss comes from wrong distribution—sales matter placed in the wrong hands or where it is destroyed without doing any advertising good.

The purpose of good advertising distribution is to correct this. Corrective measures may be of two kinds, those which aim to get the right matter to distribute

and those which use the right methods of distribution. Usually the retailer is concerned only with the latter. Occasionally a dealer gets up his own advertising matter for distribution; more commonly he distributes what is sent him by his suppliers. The best plan is to use both methods.

Distributing Supplier's Advertising.—The first step in the distribution of advertising matter is to get the best selection available. There is a wealth of advertising to be drawn from, but systematic methods should be used in getting it. First a letter should be written to the various suppliers requesting a list and samples of advertising matter which they furnish the trade. When answers and samples are received a judicious selection should be made. A dealer should always avoid over-drawing on advertising matter. Some dealers are in the habit of putting in a requisition for all the matter they think they can get. A better plan is to make a rough estimate of the amount of goods bought of each firm and make each supplier bear the advertising expense proportionately. Because a firm has a catchy line of advertising is only one reason why it should be ordered extensively; only when sales back up the requisition should a request be made.

Working With the Supplier.—Better results are uniformly obtained when the retailer works with the supplier in distributing. As a usual thing every piece of advertising gotten up by a house is made for some specific purpose. A good advertising man aims to keep his sales matter well rounded. In a sales proposition the kinds of advertising should be definitely apportioned, say 15 per cent toward publicity sales, 60 per cent for direct inquiries, 25 per cent for retailer's inquiries. When a dealer requisitions advertising, his supplier may be campaigning for either publicity or inquiries. Consequently the best way to get a satisfactory supply is to request of the supplier that there be sent such advertising matter as will best fit in with his plans, together with instructions that it would be best to follow in making the distributions; some houses will send these instructions, more will not. But the request will stamp the dealer as belonging to the progressive school.

Besides, what instructions are received will be the result of the experience of the supplier in obtaining results, and as such form a valuable course of instruction in result-getting.

Whenever a supplier furnishes advertising matter for distribution, not only should instructions be carried out, but some sort of a report should be rendered on the results. The largest wholesaler in the land depends heavily upon the results that the dealer can get for him. If he remains in ignorance of these results it means that there will be a porportionate waste. Of this waste in marketing the dealer must pay some part. Consequently it is to the interest of the retail trade to make a distribution just as efficiently as possible and then let the wholesaler or manufacturer know as to what results were obtained and how secured.

Co-operation With the Salesman.—Every live salesman has pretty exact information on the advertising policy of his house. He is anxious to see sales in his territory as large as possible. Every piece of advertising matter which is distributed in his territory helps him in making sales. As a consequence the salesman can and will co-operate with the dealer in securing good distribution. When buying a line for 90 days delivery, for instance, plans may be laid and advertising matter requisitioned and distributed before the line is in stock. In this way the goods will move rapidly when received. Then, too, when a dealer has a line in stock which is moving slowly, the expert counsel of the traveling salesman on distribution—as well as on other selling methods—will often help to move the goods.

GETTING THE BENEFITS OF A SUPPLIER'S DISTRIBUTION.

"Sampling," as it is commonly called, is a form of distribution made by a manufacturer or jobber in order to stimulate the retail trade. Breakfast foods are perhaps the most common instance of sampling methods. A distribution of this kind may or may not benefit the local dealer, depending upon how he is situated. All

sampling campaigns tend to stimulate the line distributed. At the same time such campaigns may cover so much ground that the individual result to each dealer is small. This means that the progressive dealer must plan to get a good share of the result from the supplier's campaign.

How to Reap the Benefits of a Distribution.—One method of getting large results from a supplier's distribution is to make some arrangement that the work may be handled from the retailer's store and that all advertising matter bear his imprint. Where there are other dealers handling the same line—where there is not an exclusive agency—there may be difficulty in making this arrangement. But even such an arrangement may be made where sales warrant it. Where a dealer has the bulk of the trade in a town on a certain commodity, this gives a strong lever in working for an exclusive distribution.

Another method of getting results from a supplier's distribution is that of accompanying it with specialized advertising calling attention to that feature in a bright, newsy way. In addition to this some special inducement should be made to turn trade to the advertiser. Some combination offer may be made which brings in the distributed product, featuring it at the advertised price, in connection with some appropriate items which may be cut. This method will be instrumental in securing trade on the new product and will associate it, and the advertising done for it, with one store.

Sometimes it is possible to make an arrangement with the supplier, such that the retailer does systematic distribution himself. This may be done by a regular distributor—of which there are usually one or two in every town—or a clerk may take out a crew of boys and cover a considerable territory in three or four days. In such a distribution—as in any, in fact—two cardinal rules should be observed. First, the circular should embody a request to come to the store; second, the circulated matter be actually placed in the hands of the prospect. It is the worst kind of waste to leave circulars and samples on porches or at doors. The matter distributed should be left only with the prospective buyer.

Careless distribution of cheap printed matter quickly tends to bring a store into disrepute. Sometimes a cheap handbill, dodger or flyer may bring in a little trade, but the ordinary patron generally associates such methods with cheapness. If ordinary circulars are to be distributed, this should be done in a systematic manner. It often pays to circulate a bargain list on a certain day of the week. Sometimes trade may be greatly stimulated by having a Thursday (or some other day of the week) sale. This will be featured by the regular advertising, and "reminders" distributed may reach prospective customers that other regular advertising might not find.

THE USE OF PRICE LISTS AND BULLETINS IN RETAILING.

The most common use of lists in retailing is that of the familiar "stock" list, sent out by jobbers and manufacturers. These lists are printed in immense editions and are forwarded in lots of hundreds or thousands to retailers for distribution. Usually on the back is left a space for stamping or printing the name of the firm making the distribution.

The stock list has many advantages. It can be gotten up by the supplier at a very low cost, because of the fact that he has on hands cuts, captions, and other reading matter, necessary to make up such a list. He can also secure low rates on large runs on the immense city presses. This the retailer would obviously be unable to do. In the matter of illustrations alone, take a list having 16 or 32 pages and it may have 5 or 10 cuts on a page. The retailer could not secure these cuts, drawn and engraved, except at prohibitive prices. The supplier, having a large accumulation of these cuts on hand for use in regular catalogs, can get up a smaller list in an immense edition, at a very low price.

Distribution of Jobbers' Lists.—The usual methods of distributing lists may all be used in putting out a lot of catalogs furnished by the supplier. The best results have been uniformly obtained when some system-

atic distribution is made. By systematic distribution is meant some regular method of getting them into the hands of actual and prospective customers so that some record may be kept, both of the distribution and the results coming therefrom. These methods are taken up on another page.

As a general thing the stock lists get the best results when distributed by means of circular letters. Every tendency to cheapen the list in distribution should be watched for and overcome. If the customer thinks the list is cheap he is not liable to give it much serious attention. Consequently it is a good system to accompany a list by a circular letter, calling attention to some particular bargain, which is to be found in the list. To go farther along the same line, it will pay to make up assortments of bargains which may be found in the small catalog.

General Lists.—The cost of getting out a general list is commonly prohibitive. An exception is sometimes found where the retailer's business has a large mail order trade. In this instance and particularly where pages and plates may be obtained from the supplier, a very satisfactory general list may be made up. In making up a catalog of this kind each page should be made complete. Also goods should be so classified in the catalog that those remaining permanent in style and quality are grouped in one place, while those changing in style and quality are found in another. A great deal of planning should be done before a catalog of this kind is put together; when a page is made for a catalog the aim should be to make it as permanent a page as is possible. In a hundred-page catalog perhaps fifteen or twenty plates may be used from time to time in four or perhaps six different editions of the catalog, a month or several months apart. In these days of machine composition, it is possible to get up quite a creditable list and not be to a large expense for plates. The catalog may be run from engravings and from the slugs. The latter may be changed without a great deal of expense.

Special Lists.—Special lists and flyers, giving a list of special bargains, may be made up and distributed to

good advantage. These lists need not always be printed; they may be gotten up by some of the mimeograph processes in imitation typewriting and mailed to selected lists under a one or two-cent stamp—usually without a letter accompanying.

House Organ.—A good house organ, well edited, containing a good list of prices, neatly printed and well distributed, may prove a wise investment. It depends so much on the quality of the man who has it in charge that it is not always possible to forecast whether or not it will be a success. Nothing is more liable to prove uninteresting and unprofitable than a sheet gotten out for a retail store by the office or delivery boy during spare moments.

The editorial part of the paper may be made up of store news, a little personal information with a few bright local hits, and a neat, attractive price list. Such a paper may be circulated once a week to advantage.

Where the printing offices of a city are equipped with type-setting machines, it is possible to get out such a sheet for the same sum which would be paid to a good retail clerk.

Where a store has a contract with a daily or weekly paper running advertisements daily or weekly, much of the same advertising matter that is used in the advertisements may be duplicated in the house paper, and not only this, but the printing will be done very reasonably where a contract for advertising space is kept alive at the same time.

DEALING WITH SPECIAL PROBLEMS OF RETAILING.

There are a number of special problems peculiar to retailing with which the progressive store man must deal. He must not only avoid a wrong solution of them, but he must attempt to get the benefits of a right solution. One question which troubles every retailer is the matter of cash or credit. A cash basis has certain advantages and disadvantages. Similarly a credit basis of handling trade has its factors for and against it.

Cash Basis.—The first-rate advantage of a cash basis in retailing is that there is no loss through bad debts. Where no one is trusted—where in order to get the goods the buyer must lay down the money—there is obviously no chance for loss through misjudgment of credit. At the same time that the loss from bad debts is wiped out the many chances for misunderstanding are stopped. Many a credit customer has been lost owing to some slight dispute over the amount which is owed on an old bill. This is entirely obviated where business is run on a cash basis.

With the loss from bad debts also goes the expenditure for accounting. Where accounts are run it is necessary to do considerable bookkeeping. All of this costs. Not only may the accounting department make mistakes, but it also costs considerable money to maintain.

The dealer who is running his business on a cash basis knows where he stands at any day of the week or any hour of the day. The money that he has in his till or cash register, plus the stock on his shelves, always equals the inventory value of his plant. When he locks the store at night he knows within a few dollars what his real worth is. There is no worry, no uncertainty. Whether this be reckoned as one of the large advantages of the cash business, depends considerably upon the temperament of the retailer. Some men are much averse to taking chances; they naturally lean toward a cash business. Others liken business to a gamble; they naturally are willing to take more risks in order to get more trade.

The dealer who is running his business on a cash basis is able to use better buying methods than one who is obliged to extend credit. This means that the cash business can sell cheaper. Cash prices are invariably somewhat under credit prices, as they do not have to bear the burden of bad debts and accounting. In certain lines this is an important item. Where competition is close and the majority of customers buy in small lots or where a community or neighborhood is made up of "snap-seekers," the ability to quote lower prices is often a winning card. It draws indirect as

well as direct trade and gives the talking point of a lower price.

The first great disadvantage of a cash basis in retailing is probably that the change from a credit to cash basis has a tendency to drive away certain classes of trade. Whether or not the business can stand this loss depends entirely upon the ability of the retailer as a business-getter. It is a well known maxim in trade that long credit tends to larger sales. As a consequence the tendency of the cash buyer is to go without things when he does not have the money to buy them. The credit buyer, on the other hand, will "get them charged" and consequently buy from five to twenty per cent more goods than the one who pays cash. So well is this fact known that many of the larger stores campaign actively for the middle class and well-to-do credit customers. A customer who knows that his credit is good at all times is much more liable to be a heavier buyer than one who has to lay down the money.

Then again there is something about cash buying that attracts a class of people who are not only somewhat sparing buyers, but who are also very critical buyers. The cash buyer, being independent, is liable to drive a shrewd bargain.

Cash trade is liable to be more or less transient. Credit tends to bind a customer somewhat closely to one store. When a dealer has extended credit favors to a customer year after year there is a bond of sentiment which tends to hold that customer to his old store. This tendency is entirely lacking in cash trade.

In a manufacturing district or where pay rolls are made out every two weeks or every month—especially the later—trade is very liable to be very slow along the last of the month as the employees run out of money. It would be interesting—as well as instructive—if a table could be compiled giving the number of people who live from "hand to mouth." This would probably embrace a considerably larger percentage than is commonly known. Such patrons must let up somewhat in their purchases along the last of the month before payday, if they are cash buyers.

A large dealer who owns several stores in the residential district of a large city says:

"The majority of our patrons are paid from the 20th to the 25th of the month. Along about the 15th or a little before, trade commences to slack up on us. This means that some of our customers are 'waiting for pay-day.' We have tried special methods to overcome this tendency, but we always run up against the fact that the customer is out of cash."

Another disadvantage of cash trade is that it is liable to be transient. The customer with the money can buy anywhere he chooses. If competition comes up in the neighborhood, even if it is for but a short time, the cash store is pretty apt to feel it. A new store may come in and demoralize trade for a few months. Even if it eventually goes out of business it has hurt trade just that much. The new store invariably attracts cash custom and, at the other extreme, poor credit custom. The cash custom is drawn, of course, from the cash stores in the vicinity.

Credit Methods.—First among the advantages of a credit basis in retailing is that custom upholds it. It always has been, and probably always will be, good commercial custom to extend credit to those who have the right to ask it. There is no surer way to offend the average customer than to refuse him credit. He is so used to receiving it that he has never gone into the ethics of the matter and always looks at it from his own standpoint. Not only this, but the public seems willing to pay the extra sum that must be added to the price in order to sell by credit methods. When it is considered the ruinous rates of interest which some people will pay for a loan, it is not to be wondered at that the ordinary customer is willing to pay one, two or five per cent in order to get credit benefits.

Greater Volume of Business.—There being more credit customers than cash customers and they being more permanent in their trade, this gives a greater volume to business to be had by the dealer running business on a credit basis. Not only is the volume of business greater, but as a usual thing the scrutiny of

the goods is not so careful when credit is liberally extended. It does not become a customer to be finicky when the dealer is granting him a favor by giving him credit.

Disadvantages of a Credit System.—The big disadvantage of the credit system is that it always has with it a proportionate loss from bad debts. This the dealer constantly tries to keep down, but just as constantly the bad debt ratio keeps on increasing. Nor is it always possible for the dealer to protect himself by good collections. The dealer who is too strenuous in his collections is liable to make as active an enemy as though he had never extended credit. Indeed he not only loses trade that he has nursed along, but his former customer becomes his worst "knocker."

Changing to Cash Basis.—Many dealers wish to change from a credit to a cash basis, but hesitate to take any step which will lose them trade. There are two methods of making a change of this kind. The first is to introduce the system gradually; second, to start at once on a cash basis. The first method is generally found to be the better. Such a course can begin by having business looked after a little more sharply. The various customers may be listed and given a rating, then when these customers show a tendency to run beyond their rating they may be rounded up and collections made from them. If this is done in a diplomatic manner it will result in the loss of little trade. The losses in the credit business come from the large accounts which show a tendency to get larger and larger. Then when an account has reached a considerable size the customer transfers his business elsewhere, and the dealer who has extended the credit loses the custom and the money both. In making change to cash basis these customers should be brought down to a reasonable amount of credit. Some of them will be lost, but this means that the loss will be smaller than if they were allowed to go on. As this plan is carried out, the average term of credit may be shortened more and more. If the business stands it, it may shorten up to actual cash. This may take considerable time, say six months or a year. The advantage of this method is

that the dealer does not declare himself but works on the "gum-shoe method" and can retrace his steps at any time.

Immediate Change to a Cash Basis.—Where a dealer has thoroughly canvassed the situation and has come to the conclusion that a cash basis will surely pay him, he may find it advisable to make a change at once. This plan calls for a great deal of advance work. The best customers—those who have been in the habit of running bills—should be seen and thoroughly acquainted of the reasons why the new order of affairs is to be tried. They should be given to understand that while their credit always has been good and their trade is always wanted, yet that they can make a substantial saving by buying for cash. This work should surely be done in advance; it should not be left until the change has been decided on and then an attempt made to pacify a dissatisfied customer who wishes credit.

Perhaps the most trade—when a change is made from credit to cash—is lost by the customer coming in the store and ordering a bill of goods and asking it to be charged and then for the first time, finding out that the store is now on a cash basis. Many times customers will deliberately make this as an excuse for changing their trade to somewhere else. They wish some justification for making a change and deliberately ask for credit, surmising that it may be refused.

DEALING WITH "SPECIAL SALES."

Whether or not to hold special sales is a vexed problem with the retailer. A dealer who sees the large amount of custom which a special sale attracts is liable to look at the volume of the trade which the sale secures and not at the amount of cash that it brings in or the demoralization that it works.

As a general thing the special sale is a demoralizer. It is the old subject of over stimulation. When trade is poor there are legitimate means of stimulating it by means which eventually are bound to react. It seems to be the consensus of opinion that the special sales is in the latter class. It has a tendency to stock up the con-

sumer somewhat beyond his immediate needs. After a sale of this kind, the general trade is bound to suffer to a greater or less extent.

Where a dealer is subjected to this kind of competition he should take reasonable steps to determine whether or not these sales pay those who hold them. In case a sale of this kind does pay when handled on a conservative basis, it might be tried.

COMPETITION—HOW DEALT WITH.

Three kinds of competition are peculiar to the retail trade and uniformly difficult to meet. These are common to practically all localities and all require substantially the same general methods in meeting them.

(1) Where fellow merchants are destructive campaigners.

(2) Where excursions are run to the city and patrons are in the habit of doing city buying.

(3) Where there is catalog house competition.

These three kinds of competition are all similar in that they require pretty much the same methods to combat them. The first method of offsetting the evils of competition is found in the general educational campaign. Marketing goods is to a certain extent nothing more or less than conducting a campaign of education. If buyers know that the policy of a certain house is to build up and not to tear down, they naturally have a friendly feeling toward that business. The methods of doing this educational work are through the newspapers, through dealers' associations and through city development societies.

Using the Newspaper.—The best retail businesses work more and more in conjunction with the newspapers in their territory. It is now a recognized fact that the purchase of advertising space entitles a dealer to the incidental benefits—the by-products of newspaperdom. The advertising columns of a paper now influence the entire editorial policy. Where an advertiser is paying money right along to the advertising department of a paper he should use methods of securing co-operation in the marketing of his product. He should especially

demand articles of news value which tend along the same line as the dealer uses in his educational campaign. The dealer should remember that often the best advertising for his business is so hidden or concealed as not to be recognized as advertising.

The strong lever which the dealer can use is the fact that the success of the entire community which he represents is interwoven with his own success. What is of benefit to a community or to one of the dealers which make up that community, is of advantage to all.

Where fellow merchants are destructive campaigners they may often be reached through the medium of the newspapers of a town. No newspaper which has the interest of the community at heart will back up a dealer who, through ignorance or willfulness, persists in a destructive campaign. Dealers' associations produce a unity of purposes which tends to offset destructive campaigning. Care should be taken not to allow the public to assume that the dealers' association is for the purpose of maintaining a trust or raising prices.

Catalog House Competition.—There is no use disguising the fact that catalog house competition is a very formidable competition to meet. In certain sections of the country, perhaps 30 to 50 per cent of the business done is in the hands of catalog houses. In country localities, easily accessible to Chicago, for instance, it is no uncommon thing for neighbors to club together and "send away" for their supplies. This condition is so well known that it only needs touching on. What must be done to remedy it? is what is of interest to the dealer.

Correction Is in the Dealer's Hands.—There is but one class of business men to look to for the correction of this condition. This is the dealer himself. The customer will never correct it; the jobber will never correct it; the manufacturer will never correct it. It is something that is unconditionally "up to" the retailer himself. In spite of the fact that catalog house competition is a menace to the country dealer he often does practically nothing to offset it. A campaign of vituperation will not wipe out catalog houses. There is a reason why the customer buys from a catalog